



## ICCREA Banca S.p.A.

(incorporated with limited liability as a società per azioni under the laws of the Republic of Italy)

€3,000,000,000

### Euro Medium Term Note Programme

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "CSSF") in its capacity as competent authority in Luxembourg to approve this document as a base prospectus under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements Directive 2003/71/EC, and amendments thereto (including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**") in Luxembourg. Application has been made by ICCREA Banca S.p.A. (the "**Issuer**") for notes ("**Notes**") issued under the €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof to be listed on the official list and admitted to trading on the regulated market 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 2004/39/EC. The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

As more fully set out in "**Taxation**", payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are subject in principle to a substitutive tax (referred to as the *imposta sostitutiva*), in certain circumstances. Imposta sostitutiva is levied at the rate of 20 per cent. In order to obtain exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify, *inter alia*, that such Noteholder is eligible for the exemption, as more fully set out in "**Taxation**".

Pursuant to the Programme, the Issuer may from time to time issue Notes in bearer form denominated in any currency agreed between the Issuer and one or more of the dealers named on page 10 and any additional dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). Notes admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will not have a denomination of less than €100,000 (or its equivalent in other currencies calculated as described herein). The 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 herein). The CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law.

*Investing in Notes issued under the Programme involves certain risks. The principal risk factors that may affect the abilities of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.*

*Arranger*

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

*Dealers*

<b>Banca IMI</b>	<b>Barclays</b>
<b>BNP PARIBAS</b>	<b>Citigroup</b>
<b>Credit Suisse</b>	<b>DZ BANK AG</b>
<b>HSBC</b>	<b>ICCREA Banca S.p.A.</b>
<b>MEDIOBANCA – Banca di Credito Finanziario S.p.A.</b>	<b>MPS Capital Services</b>
<b>Natixis</b>	<b>Nomura</b>
<b>Rabobank International</b>	<b>Raiffeisen Bank International AG</b>
<b>Société Générale Corporate &amp; Investment Banking</b>	<b>The Royal Bank of Scotland</b>
<b>UniCredit Bank</b>	

The date of this Base Prospectus is 4 July 2013.

## IMPORTANT NOTICES

This document constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

The Issuer accepts responsibility for the information contained in this document and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer has confirmed to the Dealers that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which the Issuer believes to be (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, expectations or intentions expressed herein are honestly held or made and are not misleading in any material respect; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Programme and the issue, offering and sale of the Notes, make any statement therein, or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing.

This Base Prospectus should be read and construed together with any supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms (as defined herein).

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), business, prospects or general affairs of the Issuer or any of its subsidiaries since the date

thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Base Prospectus may only be used for the purposes for which it has been published. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "**Subscription and Sale**".

In particular, 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 U.S. persons.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and none of them should be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. 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), business, prospects or general affairs of the Issuer and its subsidiaries.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €3,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the Dealer Agreement (as defined under "**Subscription and Sale**"). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "**Subscription and Sale**".

Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a Tranche of Notes will be specified in the relevant Final Terms. A 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. Whether or not each credit rating applied for in relation to a relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under

Regulation (EU) No. 1060/2009 as amended (the "**CRA Regulation**") will be disclosed in the relevant Final Terms. 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 European Union and Registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

In this Base Prospectus, unless otherwise specified or where the context requires otherwise: references to a "**Member State**" are references to a Member State of the European Economic Area (the "**EEA**"); references to a "**Condition**" are to the correspondingly numbered provision set forth in "**Terms and Conditions of the Notes**"; references to "€", "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended; references to "**U.S.\$**", "**U.S. dollars**" or "**dollars**" are to the lawful currency for the time being of the United States; references to "£" and "**Sterling**" are to the lawful currency for the time being of the United Kingdom; and references to "**billions**" are to thousands of millions.

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.

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 be ended 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 Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

## **MARKET INFORMATION AND STATISTICS**

Unless otherwise indicated, information and statistics presented in this Base Prospectus regarding the market share of the Issuer are either derived from, or are based upon, the Issuer's analysis of data obtained from public sources. Although these sources are believed by the Issuer to be reliable, the Issuer has not independently verified such information.

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## **RISK FACTORS**

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. 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. Factors which the Issuer believes are material for the purpose of assessing the market risks associated with 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 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 and reach their own views prior to making any investment decision.*

*Words and expressions defined in "**Forms of the Notes**" and "**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**

#### ***General***

An actual or perceived deterioration in the financial condition of the Issuer or its results of operations could have a negative impact on the ability of the Issuer to comply with its obligations under the Notes, and consequently could have an adverse effect which may harm the price or value of an investment in the Notes.

#### ***The Issuer's financial performance is affected by the general economic conditions, in particular in the Republic of Italy and Europe***

Adverse changes or a general deterioration in the Italian, European or global economic conditions, or arising from systemic risks in the financial systems, could affect the recoverability and value of the Issuer's assets and require an increase in the Issuer's provision for bad and doubtful loans and other provisions.

The Issuer is not a retail bank and its core institutional role is to provide key financial and credit services to Banche di Credito Cooperativo (BCCs) network.

The BCCs' asset quality is exposed to domestic economic weakness through the composition of their loan portfolio, mainly to small enterprises and artisans. Sustained loan growth in the

past few years, coupled with high loan portfolio concentration in the real estate sector for some BCCs, makes their credit risk vulnerable to the domestic economic environment.

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

The Issuer is subject to capital adequacy guidelines adopted by the Bank of Italy for a bank or a bank holding company, which provide for a minimum ratio of total capital to risk adjusted assets both on a consolidated basis and on a non-consolidated basis expressed as a percentage. At least half of the total capital must be maintained in the form of Tier I capital. The Issuer's failure to maintain its ratios may result in administrative actions or sanctions against it which may impact the Issuer's ability to fulfil its obligations under the Notes.

***Market risk***

The market risk involved in the Issuer's business activities lies in the risk of possible losses arising from changes in the market due to fluctuating or changing interest rates, foreign exchange rates, share prices and prices in general. This risk encompasses both trading book and banking book positions. Positions of risk are the result either of business positions taken for or in respect of customers, or of a deliberate assumption of such positions.

***Global market conditions***

Beginning in the second half of 2007, disruption in the global credit markets, including the re-pricing of credit risk and the deterioration of the housing markets in the United States, the United Kingdom and elsewhere, created increasingly difficult market conditions, characterised by volatility, less liquidity or no liquidity, widening of credit spreads and a lack of price transparency in relation to certain assets.

As a result of the continuing financial crisis, conditions have been particularly challenging for financial institutions, resulting in the failure or instability of a number of them and unprecedented action by governments and central banks in many countries. It is difficult to predict how long these conditions will exist and how the Issuer will be affected. These conditions may be exacerbated by persisting volatility in the financial sector and the capital markets, or concerns about, or a default by, one or more institutions, which could lead to significant marketwide liquidity problems, losses or defaults by other institutions.

These conditions could materially adversely affect the Issuer's financial condition or results of operations in future periods.

Furthermore, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or the effect such changes may have on the Issuer or its prospects.



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

The Issuer is affected by disruptions and volatility in the global financial markets. During the period between 2011 and 2012, the debt crisis in the Euro-zone intensified and three countries (Greece, Ireland and Portugal) requested the financial aid of the European Union and the International Monetary Fund. More recently, in 2013, aid was also requested by Cyprus. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Eurozone, including Italy, since the beginning of the sovereign debt crisis in May 2010. The large sovereign debts and fiscal deficits in European countries have raised concerns regarding the financial condition of Eurozone financial institutions and their exposure to such countries. These concerns may have an impact on Eurozone banks' funding.

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

### ***Default risk***

A deterioration in the financial condition of the Issuer may have a material adverse effect on the Issuer resulting in the non-performance, in whole or in part, of the Issuer's obligations under the Notes.

The current crisis in the international finance markets and its unforeseeable global effects may have a material adverse effect on the Issuer resulting in the non-performance, in whole or in part, of the Issuer's obligations under the Notes.

### ***Historical Information***

The historical, financial and other information set out in the section headed "Iccrea Banca S.p.A." represents the historical experience of the Issuer. There can be no assurance that the future experience and performance of the Issuer will be similar to the past experience described in this Base Prospectus.

### ***Changes in regulatory framework and accounting policies***

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European System of Central Banks. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices.

The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements.

In particular:

- The Bank of Italy issued in 2010 and early 2011 a series of amendments to the Bank of Italy regulations in order to adopt the provisions of EU Directive 2009/27/EC, 2009/83/EC and 2009/111/EC (together, "**CRD II**"), which amended EU Directives 2006/48/EC (the "**CRD**") and 2006/49/EC and has changed, *inter alia*, the criteria for assessing capital eligible to be included in Tier I Capital and may require the Issuer to replace, over a staged grandfathering period, any existing capital instruments that do not fall within these revised eligibility criteria.
- EU Directive 2010/76/EU (known as "**CRD III**") was issued on 24 November 2010 amending further the CRD as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:
  - increase of capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
  - imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and
  - restriction on the remuneration payable to individuals fulfilling roles with potential impact on a bank's profile.

The above changes have already come into force.

- In December 2010, January 2011, July 2011, October 2011 and December 2011, the Basel Committee on Banking Supervision (the "**Basel Committee**"), issued documents containing a capital and liquidity reform package (the "**Basel III Proposal**"). The main proposals are summarised as follows:
  - revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier 1 capital adequacy ratios and introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability;

- abolition of the distinction between Tier II and Tier III capital instruments and between Lower Tier II and Upper Tier II capital instruments;
  - non-recognition or phasing-out of recognition of certain existing capital instruments as Common Equity Tier I Capital, Additional Tier I Capital or Tier II Capital starting from 1 January 2013;
  - introduction of a capital conservation buffer designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred and a countercyclical buffer, and measures aimed at ensuring that systemically important financial institutions have loss-absorbing capacities which go beyond the minimum Basel III standards, in order to ensure that banking sector capital requirements take into account the macro-financial environment in which banks operate;
  - enhancement of risk coverage of the capital requirements framework, especially regarding derivatives and other off balance sheet items (counterparty credit risk), the exposures to central counterparties ("**CCPs**") and the values of the risk parameters under stress conditions (market, credit and counterparty credit risk);
  - introduction of a leverage ratio requirement as a supplementary measure to the risk-based capital requirements; and
  - introduction of global common liquidity measurement standards for the banking sector, which will subject banks to minimum quantitative requirements for liquidity and increased risk weightings for "illiquid" assets.
- In the European Union, the Basel III Proposals are expected to be implemented by way of further changes to the CRD ("**CRD IV**"), which will be transposed into national law by EU Member States. After a long debate between European Institutions, on 16 April 2013, the European Parliament approved the text of the CRD IV legislation and the text was formally adopted by the European Council on 20 June 2013 which will implement the Basel III Proposals and replace the existing CRD. CRD IV will enter into force on 1 January 2014.

Significant uncertainty remains around the implementation of some of these initiatives. To the extent certain of these measures are implemented as currently proposed or announced, in particular the changes proposed or announced by the Basel Committee, they would be expected to have a significant impact on the capital and asset and liability management of the Issuer.

Such changes in the regulatory framework and in how such regulations are applied may have a material effect on the Issuer's business and operations. As the new framework of banking

laws and regulations affecting the Issuer is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer. Prospective investors in the Notes should consult their own advisors as to the consequences for them of the application of the above regulations as implemented by each Member State.

***Changes in European Market Infrastructure Regulation, the Markets in Financial Instruments Directive and United States Regulations***

European Regulation 648/2012, known as the European Market Infrastructure Regulation ("**EMIR**") entered into force on 16 August 2012. It is directly applicable in all member states of the European Union from this date; however, some of the provisions require further specification via technical standards. The obligations under EMIR which need to be specified further will come into force once the necessary technical standards take effect. In December 2012, the European Commission adopted (without amendment) five of the six draft regulatory technical standards that the European Securities and Markets Authority ("**ESMA**") had proposed in the form of delegated regulations. These regulatory technical standards came into force on 15 March 2013, however there are still further technical standards required which have yet to be published.

EMIR introduces certain requirements in respect of over-the-counter ("**OTC**") derivative contracts applying to financial counterparties ("**FCPs**"), such as credit institutions, investment firms and insurance companies, and certain non-financial counterparties ("**Non-FCPs**").

FCPs will be subject to (i) a general obligation to clear all so-called "eligible" OTC derivative contracts through a duly authorised central counterparty (the "clearing obligation"), (ii) an obligation to report the details of all derivatives contracts to a trade repository (the "reporting obligation"), and (iii) risk management obligations, which require that counterparties entering into non-centrally cleared OTC derivative contracts must apply appropriate risk measures, including, as far as FCPs are concerned, the exchange of collateral.

ESMA is also responsible for identifying and approving the "eligible" derivatives subject to the clearing obligation. Under EMIR, a CCP will be used to meet the clearing obligation by interposing itself between the counterparties to the eligible derivative contracts. CCPs will connect with derivative counterparties through their clearing members. Each derivative counterparty will be required to post both initial and variation margin to the clearing member (which in turn will be required to post margin to the CCP). EMIR requires CCPs to only accept highly liquid collateral with minimal credit and market risk.

The EU regulatory framework relating to derivatives is set not only by EMIR but also by the proposals to "recast" the existing Markets in Financial Instruments Directive ("**MiFID II**") which have not been finalised. In particular, MiFID II is expected to require all transactions in OTC derivatives to be executed on a trading venue. In this respect, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

Further regulatory proposals have also been introduced in the United States, which are aimed at implementing the cross-border aspects of the rules on derivatives set out in the Dodd-Frank Act. It is not yet clear what effects these legislative amendments in connection with the Dodd-Frank Act will have, but non-US banks, even outside the United States, might have to comply.

Prospective investors should be aware that the regulatory changes arising from the Dodd-Frank Act, EMIR and MiFID II may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in transactions in OTC derivatives. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware, however, that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by the Dodd-Frank Act, EMIR and MiFID II and technical implementation in making any investment decision in respect of the Notes.

### ***Conflicts of Interest***

Where the Issuer acts as Calculation Agent, potential conflicts of interest may exist between the Calculation Agent and Noteholders. Such potential conflicts may arise with respect to certain determinations and judgments that the Calculation Agent may make pursuant to the Notes, which may influence the amount receivable on redemption of the Notes.

### **Risks relating to the Notes**

#### ***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 should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

A wide 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 features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, 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.

#### *Redemption for tax reasons*

In the event that the Issuer would be obliged to increase the amounts payable in respect of any 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 the Republic of Italy or any political

subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances 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.

#### *Redemption for regulatory reasons*

If the relevant Final Terms specified that Condition 9(c) (*Redemption for regulatory reasons*) is applicable, the Issuer may also, at its option, redeem Subordinated Notes following a Regulatory Event in accordance with Condition 9(c) (*Redemption for regulatory reasons*). Any redemption of the Subordinated Notes is subject to the prior approval of the Bank of Italy, as further set out in Condition 9(f) (*Redemption of Subordinated Notes*).

#### *CMS Linked Interest Notes*

The Issuer may issue Notes with interest determined by reference to the CMS Rate (a "**relevant factor**"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (iv) if the relevant factor is applied to the Notes in conjunction with a multiplier greater than one or contains any other leverage factor, the effect of changes in the relevant factor on interest payable is likely to be magnified; and
- (v) the timing of changes in the relevant factor may affect the actual yield to investors, even if the average level is consistent with their expectations.

#### *Fixed Rate Notes*

Investment in Fixed Rate Notes involves the risks that substantial changes in market interest rates adversely affect the value of the Fixed Rate Notes.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer 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, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

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.

### *Subordinated Notes*

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 creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes.

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of unsubordinated, unsecured creditors (including depositors) of the Issuer. Although Subordinated Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in



Subordinated Notes will lose all or some of its investment should the Issuer become insolvent.

For a full description of the provisions relating to Subordinated Notes, see Condition 5 (*Status and Special Provisions of Subordinated Notes*).

#### *Regulatory classification of the Notes*

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as "Tier II Capital", for so long as this is permitted under Bank of Italy regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no representation that any such Subordinated Notes will continue to qualify as "Tier II Capital" during the life of the Notes or that the Notes will be grandfathered under the implementation of further EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier II capital", the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 9(c) (*Redemption for regulatory reasons*), subject to the prior approval of the Bank of Italy. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

#### *Non-Viability Requirement for Subordinated Notes*

The Basel Committee's press release dated 13 January 2011 entitled "*Minimum requirements to ensure loss absorbency at the point of non-viability*" (the "**January 2011 Press Release**") included an additional Basel III requirement (the "**Non-Viability Requirement**") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the

decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority."

The January 2011 Press Release states that instruments issued after 1 January 2013 must meet these requirements in order to be recognised as Tier 1 or Tier 2 instruments for regulatory capital purposes. The recognition of instruments issued before 1 January 2013 which do not meet these requirements will be phased out from 1 January 2013.

The January 2011 Press Release is not binding in the European Union, and the non-Viability Requirements will need to be implemented in the European Union.

There has not yet been an official proposal for the implementation of the Non-Viability Requirement in the European Union, although a draft of a new EU directive (called the "**Crisis Management Directive**", or the "**CMD**") containing rules in relation to bank resolution and recovery was released on 6 June 2012. The CMD, although currently in draft form, includes provisions relating to, *inter alia*, "bail-in" (write-down or conversion into equity) of subordinated debt, certain types of senior debt and certain other liabilities at the point of a bank's non-viability. The draft CMD proposes that, with application from 1 January 2015, national authorities in each Member State will be given the power to write down or convert Additional Tier 1 and Tier 2 instruments at the point of the Issuer's non-viability. It is expected that each Member State will be required to implement CMD into its national law. However, it is possible that all or some of the CMD provisions will eventually be implemented by way of a directly-applicable regulation, similar to the CRR.

There can be no assurance that existing legislation or new legislation will be amended or introduced in Italy to reflect the January 2011 Press Release or that any existing legislation or new legislation applying in Italy will be confirmed in due course by a peer group review (as referred to in paragraph (b) of the Non-Viability Requirement above) to conform with paragraph (a) above such that Subordinated Notes would be subject to being written down or fully loss absorbing on the basis set out in paragraph (a) above. In such circumstances, however, the Terms and Conditions of the Subordinated Notes may still need to provide for such Non-Viability Requirement in order to qualify as regulatory capital under the CRR. As at the date of this Prospectus, there has been no official notification that a peer group review of the kind referred to in paragraph (b) above has been undertaken in respect of any laws of any EU member state.

Investors should be aware, however, that Subordinated Notes may nevertheless be subject to a write-down or conversion into common shares at the point of non-viability should the Bank of Italy or other authority or authorities having oversight of the Issuer at the relevant time (the "**Relevant Authority**") be given the power to do so. The Terms and Conditions of Subordinated Notes issued under the Programme include provisions setting out that the obligations of the Issuer under Subordinated Notes are subject to the powers of the Relevant Authority pursuant to applicable law and/or regulation in force from time to time. To such

extent investors should also consider Condition 5(e) (*Status and Special Provisions of Subordinated Notes – Special Provisions*).

In addition, there can be no assurance that, prior to implementation of the CRD IV and the CRR and the other Basel III reforms in Italy, the Basel Committee will not amend its package of reforms described above. Furthermore, the European Commission may implement the package of reforms, including the terms which capital instruments are required to have, in a manner that is different from that which is currently envisaged or, if permitted, Italy may impose more onerous requirements on the financial Risk Factors institutions. Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from any proposed reforms on both their own financial performance and/or on the pricing of the Subordinated Notes.

Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Issuer's profitability and results and may also have other effects on the Issuer's financial performance and on the pricing of the Subordinated Notes, both with or without the intervention by regulators or the imposition of sanctions.

Prospective investors in Subordinated Notes should consult their own advisers as to the consequences of the proposed CRD IV and CRR.

### ***Risks related to Notes generally***

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

#### ***EU Savings Tax Directive***

Under EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") on the taxation of savings income in the form of interest payments, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity called "residual entities", within the meaning of Article 4.2. of the EU Savings Directive (the "**Residuals Entities**") established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments.

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or Residual Entities established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

#### *Taxation*

The tax regime in the Republic of Italy and in any other relevant jurisdiction (including, without limitation, the jurisdiction in which each Noteholder is resident for tax purposes) may be relevant to the acquiring, holding and disposing of Notes and the receiving of payments of interest, principal and/or other income under the Notes. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant and the consequences of such actions under the tax laws of those countries.

#### *U.S. Foreign Account Tax Compliance Act Withholding*

In order to receive payments free of U.S. withholding tax under Sections 1471 through 1474 of the US Internal Revenue Code (commonly referred to as "**FATCA**"), the Issuer and financial institutions through which payments on the Notes are made may be required to withhold at a rate of up to 30 per cent. on all, or a portion of, payments in respect of the Notes beginning at the earliest in 2017. This withholding will not apply to payments on Notes that are issued on or prior to (and not materially modified thereafter) the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published, unless the Notes are characterized as equity for U.S. federal income tax purposes.

The Issuer may enter into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide certain information about investors. Under such an agreement, withholding may be required if: (a) an investor does not provide information sufficient for the relevant party to determine whether the investor is a U.S. person or should otherwise be treated as holding a

"U.S. account" of the Issuer, (b) an investor does not consent, where necessary, to have its information disclosed to the IRS or (c) any investor or person through which payment on the Notes is made is not able to receive payments free of withholding under FATCA.

If an amount in respect of FATCA were to be deducted or withheld from interest, principal or other payments on or with respect to the Notes, the Issuer would have no obligation to pay additional amounts or otherwise indemnify a holder for any such withholding or deduction by the Issuer, a Paying Agent or any other party as a result of the deduction or withholding of such amount. As a result, if FATCA withholding is imposed on these payments, investors may receive less interest or principal than expected.

An investor that is a "foreign financial institution" (as defined under FATCA) that is withheld upon generally will be able to obtain a refund only to the extent an applicable income tax treaty with the United States entitles the investor to a reduced rate of tax on the payment that was subject to withholding under FATCA, provided the required information is furnished in a timely manner to the IRS.

The United States is in the process of negotiating intergovernmental agreements to implement FATCA ("IGAs") with a number of jurisdictions. Different rules than those described above may apply if the Issuer or an investor is resident in a jurisdiction that has entered into an IGA. As at the date of this Base Prospectus, Italy has signed an English version of an IGA with the United States, however the Italian version has not yet been agreed or implemented.

#### *Change of law*

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, other than subordination and certain other provisions relating to Subordinated Notes, which are based on Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law (or Italian law) or administrative practice after the date of this Base Prospectus.

*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.

#### *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.

#### *Denominations and restrictions on exchange for Definitive Notes*

Notes may in certain circumstances be issued in denominations including (i) a minimum denomination of €100,000 (or its equivalent in another currency) and (ii) an amount which is greater than €100,000 (or its equivalent) but which is an integral multiple of a smaller amount (such as €1,000). Where this occurs, Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case, a holder who as a result of trading such amounts, holds a principal amount of less than the minimum denomination of €100,000 will 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 such that it holds an amount equal to an integral multiple of €100,000.

#### *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:

#### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. 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.

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

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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings*

One or more independent credit rating agencies may assign credit ratings to the Notes. Where an issue of Notes is rated, investors should be aware that:

- (i) such rating will reflect only the views of the rating agency and 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;
- (ii) a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- (iii) notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

Furthermore, 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.

*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

*This section is a general description of the Programme, as provided under Article 22.5(3) of Regulation (EC) 809/2004. This description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in the Base Prospectus have the same meaning in this description.*

<b>Issuer:</b>	ICCREA Banca S.p.A.
<b>Arranger:</b>	Mediobanca - Banca di Credito Finanziario S.p.A.
<b>Dealers:</b>	Banca IMI S.p.A., Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank International), Credit Suisse Securities (Europe) Limited, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, HSBC Bank plc, ICCREA Banca S.p.A., Mediobanca - Banca di Credito Finanziario S.p.A., MPS Capital Services S.p.A., Natixis, Nomura International plc, Raiffeisen Bank International AG, Société Générale, The Royal Bank of Scotland plc and UniCredit Bank AG and any other Dealer appointed from time to time by the Issuer either generally in respect of the Programme or in relation to a particular Tranche of Notes.  The Issuer may from time to time terminate the appointment of any Dealer under the Programme, or appoint additional Dealers either in respect of one or more Tranches or generally in respect of the Programme.
<b>Fiscal Agent and Luxembourg Paying Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Luxembourg Listing Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Listing, Approval and Admission to Trading:</b>	Application has been made to the CSSF to approve this document as a base prospectus in compliance with the Prospectus Directive. Application has also been made for Notes issued under the Programme to be listed on the Official List of and admitted to trading on the regulated market 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 each Series as specified in the Final Terms. Notes may also be issued which are neither listed nor admitted to trading on any market.

**Clearing Systems:**

Euroclear and/or Clearstream, Luxembourg and/or, in relation to any Tranche of Notes, any other clearing system as may be specified in the relevant Final Terms.

**Initial Programme Amount:**

Up to €3,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Issuance in Series:**

Notes may be issued on a syndicated or non-syndicated basis and will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects, save that a Tranche may comprise Notes of different denominations.

**Final Terms:**

Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Terms and Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus.

In addition, the Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "**Form of Final Terms**", in such case a drawdown prospectus will be made available and will describe the effect of the agreement in relation to such Notes.

**Forms of Notes:**

Notes may only be issued in bearer form. Each Tranche of Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in

each case as specified in the relevant Final Terms. Each Global Note which is specified in the relevant Final Terms as a Classic Global Note (each a "**Classic Global Note**" or "CGN") will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is specified in the relevant Final Terms as a New Global Note (each a "**New Global Note**" or "NGN") will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. New Global Notes are intended to be held in a manner which would allow Eurosystem eligibility, such eligibility depending upon satisfaction of the Eurosystem eligibility criteria.

Notes that are not listed on the Official List of the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system *provided that* the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.

Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

**Currencies:**

Notes may be denominated in euro, U.S. dollars or Sterling or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

**Status of the Notes:**

Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final

Terms.

(i) Status of the Senior Notes:

Senior Notes constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer which will rank at all times *pari passu* among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for any such obligations as may be preferred by mandatory provisions of law. See Condition 4 (*Status of Senior Notes*).

(ii) Status of the Subordinated Notes:

Subordinated Notes all constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves, all as described in Condition 5 (*Status and Special Provisions of Subordinated Notes*) and the relevant Final Terms.

In the event of a winding up, dissolution, liquidation or insolvency (including, *inter alia*, *Liquidazione Coatta Amministrativa*) of the Issuer, the payment obligations of the Issuer in respect of principal and interest under Subordinated Notes and any related Coupons will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes) of the Issuer (B) but at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer, all as described in Condition 5 (*Status and Special Provisions of Subordinated Notes*).

**Issue Price:**

Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by

the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

**Maturity Period:**

Any Maturity Period or, in the case of Subordinated Notes, with no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Subordinated Notes, unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes by the Issuer, Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue).

Where Notes have a Maturity Period of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the Issuer.

Interest, premium and other income arising from Notes issued after 1 January 2012 are subject to Decree 239 provisions (see section "Taxation"). The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.

**Redemption:**

Subject to any purchase and cancellation or early redemption or repayment, Notes may be redeemable at par as specified in the relevant Final Terms.

The redemption at maturity of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, as prescribed in Title I, Chapter 2 of the New Supervisory Regulations for Banks (*Nuove disposizioni di vigilanza prudenziale per le banche*), as set out in Bank of Italy Circular No. 263 of 27th December, 2006 in force from March 2008 (as amended, supplemented or re enacted from time to time). If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Bank of Italy for its consent to such redemption forthwith. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

**Optional Redemption:**

Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (where the Notes are Senior Notes) the Noteholders to the extent (if at all) specified in the relevant Final Terms and subject to all relevant legal and regulatory requirements. In the case of Subordinated Notes, early redemption may occur only with the prior approval of the Bank of Italy.

**Tax or Regulatory Redemption:**

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 9(b) (*Redemption for tax reasons*), or in the case of Subordinated Notes, for regulatory reasons as described in Condition 9(c) (*Redemption for regulatory reasons*).

**Interest:**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.

**Fixed Rate Notes:** Fixed interest will be payable in arrear on the date or dates in each year specified in the

relevant Final Terms.

**Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) 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.; or
- (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin.

Interest periods will be specified in the relevant Final Terms.

**CMS Linked Interest Notes:** Payments of interest in respect of CMS Linked Interest Notes will be calculated by reference to the CMS Rate as may be specified in the relevant Final Terms.

**Zero Coupon Notes:** Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Interest Periods and Interest Rates:** The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.

**Denominations:**

Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the

Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency). If the Final Terms so specify, and for so long as the Notes are represented by the Temporary Global Note or Permanent Global Note and the relevant clearing system(s) so permit, Notes may be issued in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.

**Cross Default:**

The Senior Notes will have the benefit of a cross default as described in Condition 12(a) (*Events of Default of Senior Notes*).

The Subordinated Notes will not contain any cross default provision.

**Taxation:**

All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will (subject to certain exceptions as provided in Condition 11 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.

However, as more fully set out in Condition 11 (*Taxation*), the Issuer will not be liable to pay any additional amounts to Noteholders with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented, on account of Italian substitute tax (*imposta sostitutiva*), as defined therein in relation to interest or premium payable on, or other income deriving from, any Notes. See "Taxation" below.

**Governing Law:**

English law, including all non-contractual obligations arising from or connected therewith, except for Conditions 5 (*Status and Special Provisions of Subordinated Notes*), 9(f) (*Redemption of Subordinated*



*Notes*) and 12(b) (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising from or connected therewith, which are governed by, and shall be construed in accordance with, Italian law.

**Enforcement of Notes in Global Form:**

In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 4 July 2013 a copy of which will be available for inspection at the specified office of the Fiscal Agent.

**Ratings:**

Notes issued pursuant to the Programme may be rated or unrated. Where a Tranche of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a Tranche of Notes will be specified in the relevant Final Terms. **A 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.**

Whether or not each credit rating applied for in relation to relevant Tranche of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. 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 European Union and Registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

**Selling Restrictions:**

There are certain restrictions on the offer, sale and transfer of the Notes. For a description of such restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the European Economic Area, the

United Kingdom, the Republic of Italy and Japan, see "Subscription and Sale" below.

**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" below and include risks relating to competition and other operating and general banking risks, such as credit risk and interest rate risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and include risks related to the structure of a particular issue of Notes and risks common to the Notes generally.

## DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the documents incorporated by reference described below which form part of this Base Prospectus:

- the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2012 and 2011, together in each case with the accompanying notes and auditor's reports,

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

The audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2012 and 2011 have been prepared in accordance with international accounting standards IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and shall be deemed to be incorporated in, and to form part of, this Base Prospectus, together (where applicable) with the accompanying notes and auditor's reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list below is for information purposes only. Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes only and is not required by the relevant annexes of the Commission Regulation 809/2004/EC.

The Issuer will, at the specified offices of the Paying Agent, provide, free of charge, upon oral or written request, a copy of this Base Prospectus (or any document incorporated by reference in this Base Prospectus). Written or oral requests for such documents should be directed to the specified office of any of the Paying Agents or to the specified office of the Listing Agent in Luxembourg. In addition such documents will be available, without charge, on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

## Cross-reference list

The following table shows where the information required under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 can be found in the above-mentioned financial statements incorporated by reference in this Base Prospectus.

<b>Audited Annual Financial Statements</b>		
	<b>2012</b>	<b>2011</b>
Balance sheet	Page 78	Page 70
Statement of income	Page 79	Page 71
Statement of changes in equity	Pages 80-83	Page 72-75
Cash flow statement	Page 84-85	Page 76-77
Accounting policies	Pages 95-98	Page 87-116
Explanatory notes	Pages 90-173	Page 87-278
Auditor's report	Pages 307-308	Page 308

## FURTHER PROSPECTUSES AND SUPPLEMENTS

The Issuer will prepare a replacement prospectus setting out the changes in the operations and financial conditions of the Issuer at least every year after the date of this Base Prospectus and each subsequent prospectus.

The Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare a supplement to this Base Prospectus or publish a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer may agree with any Dealer to issue Notes in a form not contemplated in the section of this Base Prospectus entitled "**Form of Final Terms**". To the extent that the information relating to that Tranche of Notes constitutes a significant new factor in relation to the information contained in this Base Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information. Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the relevant Notes or (2) pursuant to Article 5.3 of the Prospectus Directive, by a registration document containing the necessary information relating to the Issuer, a securities note containing the necessary information relating to the relevant Notes and, if necessary, a summary note. In the case of a Tranche of Notes which is the subject of a Drawdown Prospectus, references in this Base Prospectus to information specified or identified in the Final Terms shall (unless the context requires otherwise) be read and construed as information specified or identified in the relevant Drawdown Prospectus.

## FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (a "**Temporary Global Note**"), without Coupons, or a permanent global note (a "**Permanent Global Note**"), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in a new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system and each Global Note which is intended to be issued in new global note form (a "**New Global Note**" or "**NGN**"), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.

On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "**Standards for the use of EU securities settlement systems in ESCB credit operations**" of the central banking system for the euro (the "**Eurosystem**"), *provided that* certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and the debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The relevant Final Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

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

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note without Coupons (as defined herein), interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

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

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**"):

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

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

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such

amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

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

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules nor the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note, without Coupons, interests in which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. See "Minimum denominations and restrictions on exchange for Definitive Notes".

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

Where the Temporary Global Note is to be exchanged for Definitive Notes, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts whether in global or definitive form.



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

If the relevant Final Terms specifies the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note, without Coupons, interests in which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms;  
or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (i) a minimum denomination of €100,000, plus (ii) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Notes. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 18 (*Notices*).

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

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "Terms and Conditions of the Notes" below and the provisions of the relevant Final Terms which complete those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below.

## **Legend concerning United States persons**

In the case of any Tranche of Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

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

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as completed by the relevant Final Terms, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Summary of Provisions relating to the Notes while in Global Form" below. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

### 1. INTRODUCTION

- (a) *Programme:* ICCREA Banca S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €3,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 4 July 2013 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified

Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

## 2. DEFINITIONS AND INTERPRETATION

(a) *Definitions:* In these Conditions the following expressions have the following meanings:

"**Accrual Yield**" has the meaning given in the relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Additional Financial Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"**Applicable Banking Regulations**" means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in the Republic of Italy including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Relevant Authority (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Issuer);

"**Bank of Italy**" means the Bank of Italy and/or any competent authority which at a future date carries out the functions which the Bank of Italy performs as at the Issue Date;

"**Bank of Italy Regulations**" means the Regulations of the Bank of Italy relating to the capital adequacy of banks ("*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" set out in the Bank of Italy Circular No. 263 of 27 December 2006) as amended and supplemented;

"**Business Day**" means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

**"Business Day Convention"**, in relation to any particular date, has the meaning given in the relevant Final Terms and, if so specified in the relevant Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that:*
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Fiscal 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);

**"Calculation Amount"** has the meaning given to it in the relevant Final Terms;

**"CMS Rate"** shall mean the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent;

**"CMS Reference Banks"** means (i) where the Reference Currency is Euro, the principal office of five major banks in the Euro-zone inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five major banks in the London inter-bank market, (iii) where the Reference Currency is U.S. dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five major banks in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent;

**"Consolidated Banking Law"** means Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time;

**"Coupon Sheet"** means, in respect of a Note, a coupon sheet relating to the Note;

**"CRD IV"** means the Capital Requirements Directive and Capital Requirements Regulation;

**"Day Count Fraction"** means, in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Final Terms and:

- (a) if **"Actual/Actual"** or **"Actual/Actual (ISDA)"** is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if **"Actual/Actual (ICMA)"** is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the

Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

- (ii) where the Calculation Period is longer than one Regular Period, the sum of:
  - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (c) If "**Actual/365 (Fixed)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (d) If "**Actual/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (e) If "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where

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

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

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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; and

- (f) If "**30E/360**" or "**Eurobond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows;

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

where:

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

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

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

- (g) If "**30E/360 (ISDA)**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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



where:

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

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

"**M<sub>1</sub>**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M<sub>2</sub>**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D<sub>1</sub>**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless (i) that day is the last day of February but not the Termination Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30,

*provided, however, that* in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"**Deed of Covenant**" means the deed of covenant dated 4 July 2013 relating to the Notes executed by the Issuer;

"**Designated Maturity**" has the meaning given in the relevant Final Terms;

"**Early Redemption Amount (Regulatory Event)**" means in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Redemption Amount (Tax)**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"**Early Termination Amount**" means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Final Terms;

**"EURIBOR"** means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (being, as of the date of this Base Prospectus, Thomson Reuters) in accordance with the requirements from time to time of the European Banking Federation based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

**"Extraordinary Resolution"** has the meaning given in the Agency Agreement;

**"Final Redemption Amount"** means, in respect of any Note, its principal amount, subject to any purchase, cancellation, early redemption or repayment;

**"Final Redemption Amount Determination Date"** has the meaning given to it in the relevant Final Terms;

**"Fixed Coupon Amount"** has the meaning given in the relevant Final Terms;

**"Guarantee"** means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment and such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

**"Indebtedness"** means any indebtedness of any Person for money borrowed or raised:

**"Interest Amount"** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**"Interest Commencement Date"** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

**"Interest Determination Date"** has the meaning given in the relevant Final Terms;

**"Interest Payment Date"** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**"Interest Period"** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**"ISDA Definitions"** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.) or, if so specified in the relevant Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.);

**"Issue Date"** has the meaning given in the relevant Final Terms;

**"Issue Price"** has the meaning given in the relevant Final Terms;

**"Legislative Decree No. 385"** means Italian Legislative Decree No. 385 of 1 September 1993, as amended from time to time;

**"LIBOR"** means, in respect of any specified currency and any specified period, the London inter-bank offered rate for that currency and period displayed on the appropriate page (being, as of the date of this Base Prospectus, Reuters screen page LIBOR01 or LIBOR02) on the information service which publishes that rate;

**"Liquidazione Coatta Amministrativa"** means Liquidazione Coatta Amministrativa as described in Articles 80 to 94 of the Consolidated Banking Law;

**"Margin"** has the meaning given in the relevant Final Terms;

**"Maturity Date"** has the meaning given in the relevant Final Terms;

**"Maturity Period"** means the period from and including the Issue Date to but excluding the Maturity Date;

**"Maximum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Minimum Capital"** means the minimum amount of capital of the Issuer, as provided for by the Bank of Italy from time to time for the purposes of obtaining or maintaining the authorisation of the Bank of Italy to carry on banking activities, as certified in writing by two directors of the Issuer;

**"Minimum Redemption Amount"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Amount (Call)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Amount (Put)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

**"Optional Redemption Date (Call)"** has the meaning given in the relevant Final Terms;

**"Optional Redemption Date (Put)"** has the meaning given in the relevant Final Terms;

**"Participating Member State"** means a Member State of the European Union which adopts the euro as its lawful currency in accordance with the Treaty;

**"Payment Business Day"** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

**"Principal Financial Centre"** means, in relation to any currency, the principal financial centre for that currency *provided, however, that:*

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

**"Prudential Regulations for Banks"** means the Bank of Italy's *Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in Bank of Italy Circular No. 263 of 27 December 2006, as amended and supplemented from time to time, including any successor regulations;

**"Put Option Notice"** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Put Option Receipt"** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**"Rate of Exchange"** has the meaning given in the relevant Final Terms;

**"Rate of Interest"** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in the relevant Final Terms or

calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Final Terms;

**"Reference Banks"** has the meaning given in the relevant Final Terms or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**"Reference Currency"** has the meaning given in the relevant Final Terms;

**"Reference Price"** has the meaning given in the relevant Final Terms;

**"Reference Rate"** means EURIBOR, LIBOR or the CMS Rate as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms;

**"Regular Period"** means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where **"Regular Date"** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

**"Regulatory Event"** means where the Issuer determines in relation to any Subordinated Notes (after consultation with the Relevant Authority and, if so required, subject to its approval) that as a result of a change in Italian law or Applicable Banking Regulations or any change in the official application or interpretation thereof (including as a result of the implementation or applicability in Italy on or after the Issue Date of CRD IV), the Notes cease to qualify either in whole or in part as Tier II Capital of the Issuer for the purposes of (1) the capital adequacy requirements of the Relevant Authority or (2) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union;

**"Relevant Authority"** means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled having the responsibility of making such decisions);

**"Relevant Date"** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**"Relevant Financial Centre"** has the meaning given in the relevant Final Terms;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Screen Page"** means the page, section or other part of a particular information service (including, without limitation, the Reuters Money 3000 Service) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**"Relevant Swap Rate"** means:

- (i) where the Reference Currency is Euro, the mid market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for

the annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

- (ii) where the Reference Currency is Sterling, the mid market semi annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed for floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP LIBOR BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP LIBOR BBA with a designated maturity of three months;
- (iii) where the Reference Currency is U.S. dollars, the mid market semi annual swap rate determined on the basis of the mean of the bid and offered rates for the semi annual fixed leg, calculated on a 30/360 day count basis, of a fixed for floating United States dollar interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD LIBOR BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and
- (iv) where the Reference Currency is any other currency or if the Final Terms specify otherwise, the mid market swap rate as determined in accordance with the applicable Final Terms;

**"Relevant Time"** has the meaning given in the relevant Final Terms;

**"Representative Amount"** means an amount that is representative for a single transaction in the relevant market at the relevant time;

**"Reserved Matter"** shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, any proposal to change any date fixed for payment of principal or



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

"**Senior Note**" means a Note specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated;

"**Specified Currency**" has the meaning given in the relevant Final Terms;

"**Specified Denomination(s)**" has the meaning given in the relevant Final Terms;

"**Specified Office**" has the meaning given in the Agency Agreement;

"**Specified Period**" has the meaning given in the relevant Final Terms;

"**Subordinated Notes**" means *passività subordinate di 2° livello* as defined in Title I, Chapter 2, Section II, paragraph 5.2 of the Prudential Regulations for Banks;

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

- (i) the majority of the votes capable of being voted in an ordinary shareholders' meeting is held, directly or indirectly, by the first Person; or
- (ii) the first Person holds, directly or indirectly, a sufficient number of votes to give the first Person a dominant influence (*influenza dominante*) in an ordinary shareholders' meeting of the second Person,

as provided by Article 2359, paragraph 1, No.1 and 2 of the Italian Civil Code;

"**Talon**" means a talon for further Coupons;

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system or any successor thereto which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 System is open for the settlement of payments in euro;

"**Tier II Capital**" has the meaning given to it by (i) the Relevant Authority from time to time or (ii) any regulation, directive or other binding rules, standards or decisions adopted by the institutions of the European Union from time to time, as applicable;

"**Treaty**" means the Treaty on the functioning of the European Union, as amended; and

"**Zero Coupon Note**" means a Note specified as such in the relevant Final Terms.

- (a) *Interpretation:* In these Conditions:
- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
  - (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
  - (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
  - (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
  - (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
  - (vi) references to Notes being "**outstanding**" shall be construed in accordance with the Agency Agreement; and
  - (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes.

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

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any

notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

#### 4. STATUS OF SENIOR NOTES

- (a) *Application:* this Condition 4 (*Status of Senior Notes*) is applicable only to Senior Notes.
- (b) *Status:* The Notes and any related Coupons constitute direct, general, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without preference among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

#### 5. STATUS AND SPECIAL PROVISIONS OF SUBORDINATED NOTES

- (a) *Application:* This Condition 5 (*Status and Special Provisions of Subordinated Notes*) is applicable only to Subordinated Notes.
- (b) *Status of Subordinated Notes:* Subordinated Notes and any related Coupons constitute direct, unsecured and subordinated obligations of the Issuer and, subject to the provisions of this Condition 5, will at all times rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (c) *Winding up, etc.:* In the event of the winding up, dissolution, liquidation or insolvency (including, *inter alia*, *Liquidazione Coatta Amministrativa* of the Issuer), the payment obligations of the Issuer under each Series of Subordinated Notes, and the relative Coupons as the case may be, will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Coupons) of the Issuer but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer.
- (d) *Waiver:* Each holder of a Subordinated Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

- (e) *Loss absorption:* Unless specified to the contrary in the relevant Final Terms, the Subordinated Notes (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest) may be subject to loss absorption in accordance with the powers of the Bank of Italy or of any other authority or authorities having oversight of the Issuer at the relevant time (the "**Relevant Authority**") if the Relevant Authority determines that loss absorption of the Subordinated Notes is necessary pursuant to applicable law and/or regulation in force from time to time.

## 6. **FIXED RATE NOTE PROVISIONS**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). 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 6 (*Fixed Rate Note Provisions*) (both before and after 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 7 days after the Fiscal 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).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.
- (d) *Calculation of interest amount:* The amount of interest payable in respect of each Note for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction 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 Fixed Rate Note comprises more than one Calculation Amount, the Amount of interest

payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

## 7. FLOATING RATE AND CMS LINKED INTEREST NOTE PROVISIONS

- (a) *Application:* This Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). 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 (both before and after 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 7 days after the Fiscal 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).
- (c) *Screen Rate Determination for Floating Rate Notes other than CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
  - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or

if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
  - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided, however, that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

- (d) *Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent by reference to the following formula:

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the

Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Calculation Agent in good faith on such commercial basis as considered appropriate by the Calculation Agent in its absolute discretion, in accordance with standard market practice.

- (e) *ISDA Determination*: If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) 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 interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in

respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period and multiplying the product by the relevant Day Count Fraction 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 Floating Rate Note or CMS Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to 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 the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.
- (i) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*) by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.



## 8. ZERO COUPON NOTE PROVISIONS

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) 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 7 days after the Fiscal 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).

## 9. REDEMPTION AND PURCHASE

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Conditions 9(e) (*Redemption of Subordinated Notes*) and 10 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer (but subject, in the case of Subordinated Notes, to the prior approval of the Bank of Italy) in whole, but not in part:
  - (i) at any time (if, neither the Floating Rate Note Provisions nor CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (*Tax*), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy 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 (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

*provided, however, 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.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (A) a certificate signed by a legal 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 (B) 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. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption for regulatory reasons:*
  - (i) *Application:* This Condition 9(c) applies only if (A) the Notes are specified in the relevant Final Terms as being Subordinated Notes; and (B) Condition 9(c) is specified in the relevant Final Terms as being applicable.
  - (ii) *Redemption:* If, at any time the Issuer determines that a Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer (subject to Condition 9(g) (*Redemption of Subordinated Notes*) below), in whole, but not in part, at any time (if this Note is neither a

Floating Rate Note nor a CMS Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or a CMS Linked Interest Note), on giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 18 (*Notices*) to the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 9(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(c), at the Early Redemption Amount (Regulatory Event) described in the relevant Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

- (d) *Redemption at the option of the Issuer*: If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to prior approval of the Bank of Italy) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount

(Call) shall in no event be greater than the maximum or less than the minimum so specified.

- (f) *Redemption of Subordinated Notes:* Subordinated Notes shall have a minimum Maturity Period of five years, as provided under Bank of Italy Regulations.

Notwithstanding the foregoing provisions of this Condition 9, the redemption of any series of Subordinated Notes and/or early redemption of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy. To redeem any such Notes where such consent has not been granted shall not constitute a default of the Issuer for any purpose. Consent to redemption is at the discretion of the Bank of Italy but will not be granted at the initiative of the Noteholder or where the solvency of the Issuer would be affected.

Amounts that would otherwise be payable on the due date will continue to bear interest until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Notes up to that day are received by or on behalf of the Noteholders and (ii) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of such Subordinated Notes up to such seventh day.

- (g) *Redemption at the option of Noteholders:*

(i) *Application:* This Condition 9(g) (*Redemption at the option of Noteholders*) is applicable only to Senior Notes and if the Put Option is specified in the relevant Final Terms as being applicable.

(ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(e), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is

improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(g), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

- (h) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to (g) (*Redemption at the option of Noteholders*).
- (i) *Early redemption of Zero Coupon Notes*: Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 9(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that*:
  - (i) all unmatured Coupons are purchased therewith; and
  - (ii) Subordinated Notes may only be purchased by the Issuer or any of its Subsidiaries subject to the prior approval of the Bank of Italy, unless the Notes to be purchased (A) do not exceed 10 per cent. of the aggregate nominal amount of the relevant Series and (B) are not to be purchased in order to be surrendered to any Paying Agent for cancellation.

- (k) *Cancellation*: All Notes which are so redeemed or purchased and subsequently surrendered for cancellation by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

## 10. PAYMENTS

- (a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to Condition 10(h) (*Payments other than in respect of matured coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in 10(a) (*Principal*) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Final Terms specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate

amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:
  - (A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and
  - (B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption for regulatory reasons*), Condition 9(d) (*Redemption at the option of the Issuer*), Condition 9(g) (*Redemption at the option of Noteholders*) or Condition 12

(*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted under Condition 10(b) (*Payments in New York City*)).
- (i) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) attached to the Notes, the Talon attached to such Note may be exchanged at the Specified Office of the Fiscal Agent for further Coupons, as the case may be (including, if appropriate, a further Talon) but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. TAXATION

- (a) *Withholding and deduction*: All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law.
- (b) *Gross up*: In the event that such withholding or deduction of taxes, duties, assessments, or governmental charges is required by law (as referred to in Condition 11(a)), the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional



amounts shall be payable in respect of any Note or Coupon presented for payment:

- (i) in the Republic of Italy;
- (ii) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the Republic of Italy other than the mere holding of such Note or Coupon; or
- (iii) by a non-Italian resident entity or individual which is resident for tax purposes in a country which does not allow for a satisfactory exchange of information with the Italian tax authorities; or
- (iv) by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying on a business (including, but not limited to (A) partnerships, de facto partnerships not carrying on a business and professional associations, (B) public and private resident entities, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian individual engaged in an entrepreneurial activity to which the Notes are connected or resident entities which have been or may be identified by Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation which have been or may subsequently be enacted ("**Decree 239**"); or
- (v) in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (vi) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EU implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (viii) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if

it had presented such Note or Coupon on the last day of such period of 30 days.

- (c) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to in the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.
- (d) *FATCA withholding:* Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold and deduct any amounts required under U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), any U.S. Treasury Regulations or other guidance issued thereunder (proposed or otherwise), or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**") as a result of a holder, beneficial owner, intermediary or payee not being entitled to receive payments free of FATCA withholding. The Issuer will have no obligation to pay additional amounts or otherwise indemnify a holder, intermediary, beneficial owner or payee for any such FATCA withholding deducted or withheld by the Issuer, a paying agent or any other party.

## 12. **EVENTS OF DEFAULT**

- (a) *Events of Default of Senior Notes:* This Condition 13(a) is applicable only to Notes specified in the relevant Final Terms as Senior Notes. If any of the following events occurs:
  - (i) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes within 3 Business Days of the due date for payment thereof or fails to pay any interest in respect of the Notes within 7 Business Days of the due date for payment thereof;
  - (ii) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Agency Agreement and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer (and copied to the Fiscal Agent) or to the Specified Office of the Fiscal Agent;
  - (iii) *Cross-default of Issuer or Subsidiary:*
    - (A) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;

- (B) any Indebtedness of the Issuer or any of its Subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or such Subsidiary of the Issuer; or
- (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

*provided that* the amount of Indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above individually or in the aggregate exceeds €25,000,000 (or its equivalent in any other currency or currencies);

- (iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount exceeding €25,000,000 is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 60 days after the date(s) thereof or, if later, the date therein specified for payment;
- (v) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries over a material part of the property, undertaking, assets or revenues of the Issuer or any such Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar officer);
- (vi) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, undertaking, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 120 days;
- (vii) *Insolvency etc*: (A) the Issuer or any of its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator of the Issuer or any of its Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries is appointed (or application for any such appointment is made), (C) the Issuer or any of its Subsidiaries takes any action for a readjustment or deferment of any of its obligations in the nature of a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of

any Indebtedness given by it or (D) the Issuer or any of its Subsidiaries becomes subject to an order for *liquidazione coatta amministrativa* pursuant to Article 80 et. Seq. of the Consolidated Banking Law or *amministrazione straordinaria* pursuant to Article 70 et seq. of the Consolidated Banking Law (within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings in any other jurisdiction;

- (viii) *Winding-up etc*: (A) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries or (B) the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Subsidiary, whereby the undertaking and the assets of the Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;
- (ix) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (iv) to (viii) above;
- (x) *Failure to take action etc*: any action, condition or thing (including, without limitation, the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, or order, at any time required to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Agency Agreement and the Deed of Covenant (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes, the Coupons, the Agency Agreement and the Deed of Covenant admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (xi) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Agency Agreement or the Deed of Covenant,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer (copied to the Fiscal Agent) or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early

Termination Amount together with accrued interest (if any) without further action or formality unless prior to such date all Events of Default in respect of all Notes that are outstanding have been cured.

(b) *Events of Default of Subordinated Notes*: This Condition 12(b) is applicable only to Notes specified in the relevant Final Terms as Subordinated Notes. If any of the following events occurs:

(i) *Winding-up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent or on terms previously approved by Extraordinary Resolution); or

(ii) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraph (i) (Winding up, etc.) above,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality.

### 13. **PRESCRIPTION**

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

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

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent (and, if the Notes are then admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 15. AGENTS

In acting under the Agency Agreement and in connection with Notes and Coupons, the Paying Agents act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with any holder of any Note or Coupon.

The initial Paying Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent or Calculation Agent and additional or successor paying agents; *provided, however, that:*

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer will ensure that they maintain a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced to conform to, such Directive; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) the Issuer shall at all times maintain a Paying Agent outside the Republic of Italy; and
- (e) if and for so long as the Notes are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system the rules of which require the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by the rules of such listing authority, stock exchange and/or quotation system.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

## 16. MEETINGS OF NOTEHOLDERS; MODIFICATION AND WAIVER

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the

aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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

## 17. **FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the Issue Price, the Issue Date and/or the first payment of interest) so as to form a single series with the Notes.

## 18. **NOTICES**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first

publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

19. **CURRENCY INDEMNITY**

If any sum due from the Issuer in respect of the Notes or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, the Issuer shall indemnify each Noteholder, on the written demand of such Noteholder addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Noteholder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Issuer and shall give rise to a separate and independent cause of action.

20. **ROUNDING**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Final Terms), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

21. **GOVERNING LAW AND JURISDICTION**

(a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for Conditions 5 (*Status and Special Provisions of Subordinated Notes*), 9(f)



(*Redemption of Subordinated Notes*) and 12(b) (*Events of Default of Subordinated Notes*) which are governed by and shall be construed in accordance with Italian law.

- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 21(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 21 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Wilmington Trust SP Services (London) Limited at Third Floor, 1 King's Arms Yard, London EC2R 7AF, United Kingdom, or, if different, its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the procedures set out in the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings outside England pursuant to paragraph (d) above.

## FORM OF FINAL TERMS

*The Final Terms in respect of each Tranche of Notes will be substantially in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.*

Final Terms dated [     ]

### ICCREA Banca S.p.A.

Issue of [*currency*] [*amount*] [*description*] 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 Conditions (the "**Conditions**") set forth in the Base Prospectus dated 4 July 2013 [and the supplement to the Base Prospectus dated [*insert date*] [*delete if not applicable*],] which [together] constitute[s] a base prospectus for the purposes of the Directive 2003/71/EC, and amendments thereto (including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Notes and must be read in conjunction with such 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. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [*address*] and [*website*] and copies may be obtained from [*address*].] The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*).]

*(Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.)*

*(When completing any final terms, consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive).*

1. [(i)] [Series Number:] [ ]  
 [(ii)] [Tranche Number] [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*  
 [(iii)] Date on which the Notes become fungible [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below [which is expected to be on or about [•].]
2. Specified Currency or Currencies: [ ]  
*(Condition 2(a) (Definitions and Interpretation – "Specified Currency"))*
3. Aggregate Nominal Amount: [ ]  
 [(i)] [Series:] [ ]  
 [(ii)] [Tranche:] [ ]
4. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] *(in the case of fungible issues only, if applicable)*  
*(Condition 2(a) (Definitions and Interpretation – "Issue Price"))*
5. (i) Specified denominations: [ ] [and integral multiples of [ ] in excess thereof up to and including [ ]]. No Notes in definitive form will be issued with a denomination above [ ]].  
*(Condition 2(a) (Definitions and Interpretation – "Specified Denominations"))*  
*(The minimum denomination of Notes admitted to trading on a regulated market within the European Economic Area in circumstances which require the publication of a prospectus under*

*the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency).)*

*(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)*

(ii) Calculation Amount:

*(Condition 2(a) (Definitions and Interpretation – "Calculation Amount"))*

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*

6. [(i)] Issue Date:

[ ]

*(Condition 2(a) (Definitions and Interpretation – "Issue Date"))*

[(ii)] Interest Commencement Date (if different from the Issue Date):

[Issue Date]/[Not Applicable]/[ ]

*(Condition 2(a) (Definitions and Interpretation – "Interest Commencement Date"))*

7. Maturity Date:

*(Condition 2(a) (Definitions and Interpretation – "Maturity Date"))*

*(Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year)*

*(If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.)*

8. Interest Basis: [[ ] per cent. Fixed Rate]  
[[EURIBOR]/[LIBOR] +/- [ ] per cent. per annum Floating Rate]  
[Floating Rate: CMS Linked Interest]  
[Zero Coupon]  
(further particulars specified below)  
*(Condition 6 (Fixed Rate Note Provisions) / Condition 7 (Floating Rate and CMS Linked Interest Note Provisions) and Condition 8 (Zero Coupon Note Provisions)*
9. Redemption/Payment Basis: [Redemption at par]
10. Change of Interest or Redemption/Payment Basis: [Applicable/Not Applicable]  
*(Condition 9 (Redemption and Purchase))*
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified in paragraph [17]/[18]/[19]/[20]/[21] below)]  
*(Condition 9(g) (Redemption and Purchase – Redemption at the option of Noteholders) or (Condition 9(d) (Redemption and Purchase – Redemption at the option of the Issuer) and Condition 9(e) (Redemption and Purchase – Partial redemption))*
12. Status of the Notes: [Senior Notes]/[Subordinated Notes]  
*(Condition 4 (Status of Senior Notes) or Condition 5 (Status and Special Provisions of Subordinated Notes))*

13. [*In the case of Subordinated Notes only:*] Loss absorption: [Applicable]/[Not Applicable]

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

14. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (Condition 6 (*Fixed Rate Note Provisions*)) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (Condition 6(b) (*Fixed Rate Note Provisions – Accrual of Interest*))
- (ii) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (Condition 2(a) (*Definitions and Interpretation – "Interest Payment Date"*))
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount
- (Condition 2(a) (*Definitions and Interpretation – "Fixed Coupon Amount"*))
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
- (Condition 2(a) (*Definitions and Interpretation – "Broken Amount"*))
- (v) Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/365]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[30/360]/[Eurobond basis]
- (Condition 2(a) (*Definitions and Interpretation – "Day Count Fraction"*))
15. **Floating Rate Note Provisions:** [Applicable/Not Applicable]
- (Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*)) (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Interest Payment Dates: [ ]
- (Condition 2(a) (*Definitions and*

*Interpretation – "Interest Payment Date"))*

- (ii) Business Day Convention: [Floating Rate Convention/  
Following Business Day Convention/  
(Condition 2(a) (*Definitions and Modified Following Business Day  
Interpretation – "Business Day Convention/  
Convention"))* Preceding Business Day Convention  
]
- (iii) Additional Business Centre(s): [Not Applicable/[ ]]  
(Condition 2(a) (*Definitions and  
Interpretation – "Additional Business  
Centre(s)")*))
- (iv) Manner in which the Rate(s) of [Screen Rate Determination/ISDA  
Interest is/are to be determined: Determination]  
(Condition 7 (*Floating Rate and CMS  
Linked Interest Note Provisions*))
- (v) Party responsible for calculating the [[Name] shall be the Calculation  
Rate(s) of Interest and Interest Agent] (*no need to specify if the Fiscal  
Amount(s) (if not the Fiscal Agent): Agent is to perform this function*)  
(Condition 2(a) (*Definitions and  
Interpretation – "Calculation Agent"*))
- (vi) Screen Rate Determination:  
(Condition 7 (*Floating Rate and CMS  
Linked Interest Note Provisions*))
- Reference Rate: [LIBOR/EURIBOR/CMS Rate]  
(Condition 2(a) (*Definitions  
and Interpretation –  
"Reference Rate"*))
- Interest Determination Date(s): [ ]  
(Condition 2(a) (*Definitions  
and Interpretation – "Interest  
Determination Date"*)) (*in the case of a CMS Rate where the  
Reference Currency is euro*):[Second  
day on which the TARGET2 System is  
open prior to the start of each Interest

Period]

*(in the case of a CMS Rate where the Reference Currency is other than euro):*[Second [specify type of day] prior to the start of each Interest Period]

- Relevant Screen Page: *[For example, Reuters page EURIBOR01]*  
*(Condition 2(a) (Definitions and Interpretation – "Relevant Screen Page"))* *(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*
- Relevant Time: *[For example, 11.00 a.m.[London/Brussels] time]*  
*(Condition 2(a) (Definitions and Interpretation – "Relevant Time"))*
- Relevant Financial Centre: *(For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro))*  
*(Condition 2(a) (Definitions and Interpretation – "Relevant Financial Centre"))*
- [Reference Currency:] [     ]  
*(only relevant where the CMS Rate is the Reference Rate)*  
*(Condition 2(a) (Definitions and Interpretation – "Reference Currency"))*
- [Designated Maturity:] [     ]  
*(only relevant where the CMS Rate is the Reference Rate)*  
*(Condition 2(a) (Definitions and Interpretation – "Designated Maturity"))*



(vii) ISDA Determination:

(Condition 7(e) (*Floating Rate and CMS Linked Interest Note Provisions – ISDA Determination*))

- Floating Rate Option: [     ]
- Designated Maturity: [     ]
- Reset Date: [     ]

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

(viii) Margin(s): [ +/- ] [     ] per cent. per annum

(Condition 2(a) (*Definitions and Interpretation – "Margin"*))

(ix) Minimum Rate of Interest: [Not Applicable/[     ] per cent. per annum]

Condition 7(f) (*Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest*))

(x) Maximum Rate of Interest: [Not Applicable/[     ] per cent. per annum]

Condition 7(f) (*Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest*))

(xi) Day Count Fraction: [Actual/Actual (ICMA)]/  
[Actual/365]/  
(Condition 2(a) (*Definitions and Interpretation – "Day Count Fraction"*)) [Actual/Actual (ISDA)]/  
[Actual/365 (Fixed)]/  
[Actual/360]/[30/360]/[30/360]/[Eurobond basis]

16. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]

(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

(i) Accrual Yield: [ ] per cent. per annum

(Condition 2(a) (*Definitions and Interpretation – "Accrual Yield"*))

(ii) Reference Price: [ ]

(Condition 2(a) (*Definitions and Interpretation – "Reference Price"*))

## PROVISIONS RELATING TO REDEMPTION

17. **Call Option:** [Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) Optional Redemption Date(s) (Call): [ ]

Condition 9(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 9(e) (*Redemption and Purchase – Partial Redemption*)

(ii) Optional Redemption Amount(s) (Call): [ ] per Calculation Amount

(Condition 2(a) (*Definitions and Interpretation – "Optional Redemption Amount (Call)"*))

(iii) If redeemable in part:

(a) Minimum Redemption Amount: [ ]

(Condition 2(a) (*Definitions and Interpretation – "Minimum Redemption Amount"*))

(b) Maximum Redemption Amount: [ ]

(Condition 2(a) (*Definitions*

*and Interpretation –  
"Maximum Redemption  
Amount")*

- (iv) Notice period (if other than as set out [ ]  
in the Conditions):

*Condition 9(d) (Redemption and  
Purchase – Redemption at the option  
of the Issuer) and Condition 9(e)  
(Redemption and Purchase – Partial  
Redemption)*

**18. Regulatory Call:**

[Condition 9(c) is applicable/Not  
Applicable]

*Condition 9(c) (Redemption and Purchase –  
Redemption for regulatory reasons))*

*(Only applicable for Subordinated  
Notes. If not applicable, delete the  
remaining sub-paragraphs of this  
paragraph)*

**19. Put Options:**

[Applicable/Not Applicable]

*Condition 9(g) (Redemption and Purchase –  
redemption at the option of Noteholders))*

*(Applicable only to Senior Notes/if not  
applicable, delete the remaining sub-  
paragraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Put): [ ]

*(Condition 2(a) (Definitions and  
Interpretation – "Optional  
Redemption Date (Put)")*

- (ii) Optional Redemption Amount(s) [ ] per Calculation Amount  
(Put):

*(Condition 2(a) (Definitions and  
Interpretation – "Optional  
Redemption Amount (Put)")*

- (iii) Notice period (if other than as set out [ ]  
in the Conditions):

*Condition 9(g) (Redemption and  
Purchase – redemption at the option*

*of Noteholders))*

20. **Final Redemption Amount:** [[ ] per Calculation Amount]

21. **Early Redemption Amount:**

Early Redemption Amount(s) payable on [Not Applicable]/[ ]  
redemption for taxation reasons or on event of

default:

(Condition 2(a) (*Definitions Interpretation – "Early Redemption Amount (Tax)" and "Early Redemption Amount (Regulatory Event)"*))

*(If the Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or Early Redemption Amount (Regulatory Event) and/or the Early Termination Amount if different from the principal amount of the Notes.)*

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

22. Form of Notes:

[Temporary Global Note exchangeable for Definitive Notes on [ ] days' notice.]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]

[Permanent Global Note exchangeable for Definitive Notes on [ ] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note].

*(In relation to any Notes issued with a denomination of €100,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable to*

*Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.)*

23. New Global Note Form: [Applicable/Not Applicable]
24. Additional Financial Centre(s) or other special provisions relating to Payment Business Days: [Not Applicable/[ ]].  
*(Note that this paragraph relates to the place of payment)*
25. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupons are left.]

### **THIRD PARTY INFORMATION**

[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 the Issuer:

By:

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Luxembourg/(*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [ ] with effect from [ ].]/[Not Applicable.]  
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) [Estimated total expenses of admission to trading: [ ]]

### 2. RATINGS

- Ratings: [The Notes to be issued have been rated:
- [Fitch: [ ]]
- [S&P: [ ]]
- [[Other]: [ ]]
- (Insert where the issue has been specifically rated)*
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [Fitch: [ ]]
- [S&P: [ ]]
- [[Other]: [ ]]
- (Insert where the issue has not been specifically rated)*
- (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 the following where the relevant credit rating agency is established in the EEA:)*

*[[Insert legal name of particular credit rating agency entity providing rating] is established in the EEA and [is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered]/[has applied for registration although notification of the corresponding registration decision has not yet been provided by the relevant competent authority]/[is neither registered nor has it applied for registration] under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").]*

*(Insert the following where the relevant credit rating agency is not established in the EEA:)*

*[[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 is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered] / [but is certified] / [and is not certified under nor is the rating it has*

given to the Notes endorsed by a credit rating agency established in the EEA and registered] under Regulation (EU) No 1060/2009, as amended (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.

*(Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.)*

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER**

[Need to include a description of any interest, including conflicting ones, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

"Save for any fees payable to the [[Joint Lead] Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer." ] *(Amend as appropriate if there are other interests).*



[4. ***Fixed Rate Notes only*** YIELD

Indication of yield: [ ]

Calculated as (*include details of method of calculation in summary form*) on the Issue Date.

[5. ***Floating Rate Notes and CMS Index Linked Interest Notes only*** HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/CMS Rate] rates can be obtained from [Reuters].]

6. **OPERATIONAL INFORMATION**

(i) ISIN: [ ]

(ii) Common Code: [ ]

(iii) New Global Note 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.]]

- (iv) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg and the relevant identification number(s): [Not Applicable/[ ] (*give name(s) and number(s)*)
- (v) Delivery: Delivery [against/free of] payment
- (vi) Names and addresses of additional Paying Agent(s) (if any): [ ]

## **DISTRIBUTION**

7. Method of distribution: [Syndicated/Non-syndicated]
8. (i) If syndicated, names of Managers: [Not Applicable/[ ] (*give names, addresses and underwriting commitments*)
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
- (ii) Date of Subscription Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/[ ] (*give name*)
9. If non-syndicated, name of Dealer: [Not Applicable/[ ] (*give name and address*)

10. US Selling Restrictions:

Reg. S Compliance Category 2

[TEFRA [C]/[D]] / [TEFRA not applicable]

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

### **Clearing System Accountholders**

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "**Noteholder**" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depository or a common depository (in the case of a CGN) or a common safekeeper (in the case of an NGN) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depository or common depository or, as the case may be, common safekeeper.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Note. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Note will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by the Global Note, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note.

### **Exchange of Temporary Global Notes**

Whenever any interest in a Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure:

- (a) in the case of first exchange, the prompt delivery (free of charge to the bearer) of such Permanent Global Note, duly authenticated and (in the case of an NGN) effectuated, to the bearer of the Temporary Global Note; or
- (b) in the case of any subsequent exchange, an increase in the principal amount of such Permanent Global Note in accordance with its terms,

in each case in an aggregate principal amount equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and received by the Fiscal Agent against presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange. See "*Form of the Notes – Minimum denominations and restrictions on exchange for Definitive Notes*".

If:

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

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 4 July 2013 (the "**Deed of Covenant**") executed by the Issuer). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Temporary Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Temporary Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 18 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Temporary Global Notes will be subject to the requirements and procedures set out under "Form of the Notes".

### **Exchange of Permanent Global Notes**

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 30 days of the bearer requesting such exchange. See "*Form of the Notes – Minimum denominations and restrictions on exchange for Definitive Notes*".

If:

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

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the Deed of Covenant). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the

Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

Definitive Notes will not be printed in respect of an amount of Notes which are less than the Minimum Denomination.

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 18 (*Notices*).

In addition to the requirements and procedures set out in this section, any exchange of Permanent Global Notes will be subject to the requirements and procedures set out under "Form of the Notes".

### **Conditions applicable to Global Notes**

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

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

*Exercise of put option:* In order to exercise the option contained in Condition 9(f) (*Redemption at the option of Noteholders*), the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 9(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and

Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

*Notices:* Notwithstanding Condition 18 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 18 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; except that for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is also a requirement of applicable laws or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

*Payment Business Day:* Notwithstanding the definition of "Payment Business Day" in Condition 2(a) (*Definitions*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, "Payment Business Day" means:

- (a) if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.



## DESCRIPTION OF THE ISSUER

### General

#### *Introduction*

Iccrea Banca S.p.A. (the "**Issuer**") is a bank incorporated in Italy as a limited liability company (*società per azioni*) and is a member of the Iccrea Banking Group (*Gruppo Bancario Iccrea*) (the "**Group**").

The Issuer is 99.998 per cent. owned by Iccrea Holding S.p.A, the Group's parent company (the "**Parent Company**") and therefore is subject to the management and coordination of Iccrea Holding S.p.A. The remaining share capital is owned by *Federazione Lombarda delle BCC* (0.002 per cent.).

The full legal name of the Issuer is "Iccrea Banca S.p.A. – *Istituto Centrale del Credito Cooperativo*", and its abbreviated form is "Iccrea Banca S.p.A.".

The Issuer is registered with the companies register of Rome under number 04774801007, tax code and VAT number 04774801007, and with the register of banks held by the Bank of Italy under number 20016. The Issuer's business authorisation is valid until 31 December 2050, with the possibility of this term being extended by an extraordinary shareholders' meeting under Article 2 of the Articles of Association.

The Issuer's registered office is located at Via Lucrezia Romana 41/47, 00178 Rome (Italy) and its telephone number is +39 06 7207.1.

Within the Group, the Issuer owns shareholdings in the following companies: BCC SECURIS S.R.L., Iccrea BancaImpresa S.p.A. (formerly called Banca Agrileasing S.p.A.), and BCC Gestione Crediti S.p.A. The Issuer does not prepare any consolidated financial statements as the Group's financial statements are consolidated by the Parent Company.

Outside the Group, the Issuer owns 25 per cent. of the share capital of Hi-Mtf Sim S.p.A.

In December 2012 the merger of BCC Multimedia S.p.A. and Iccrea Banca S.p.A. was concluded, resulting in the removal of BCC Multimedia S.p.A. from the Commercial Register.

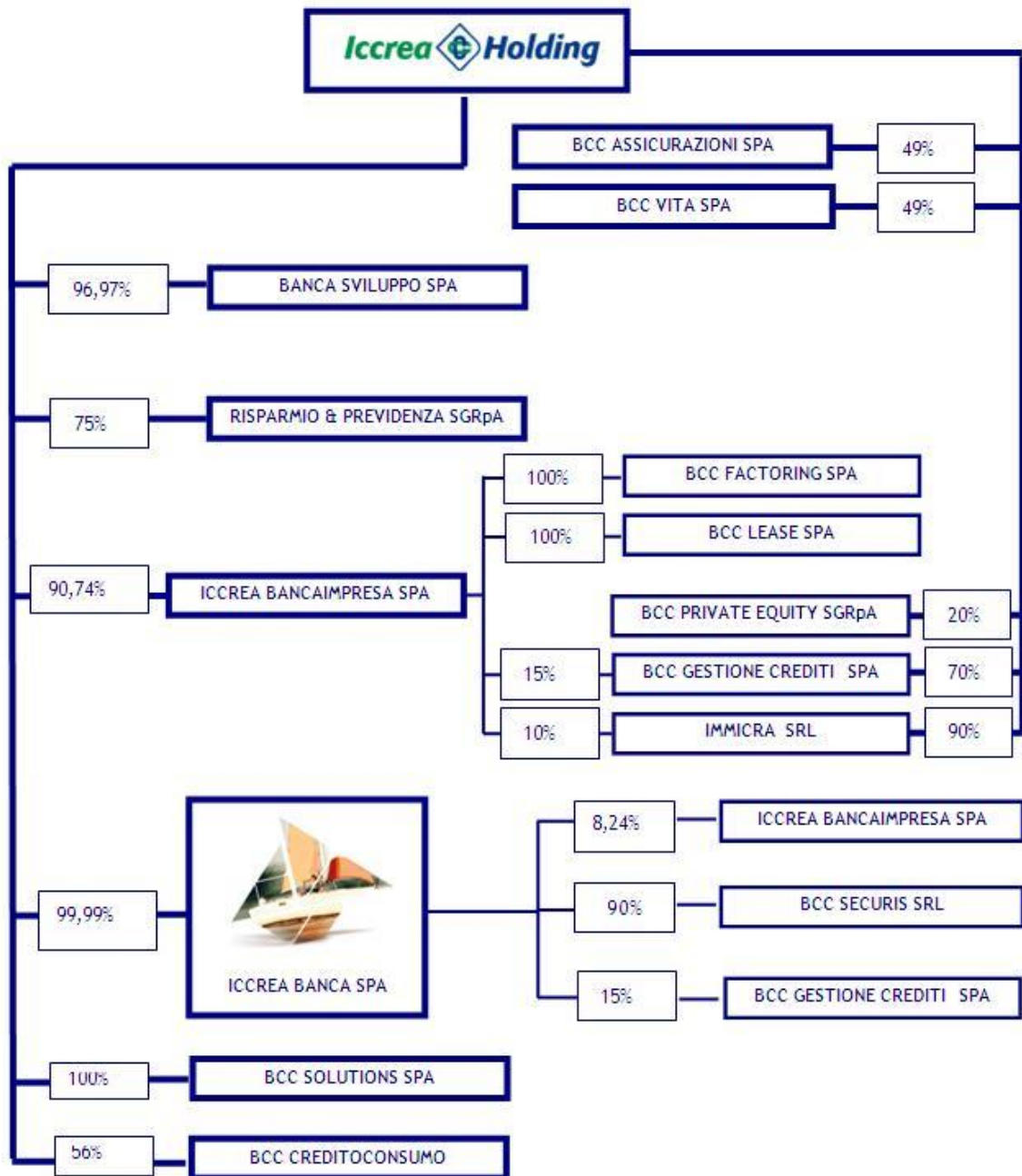
#### *Shareholdings of the Parent Group*

As at the date of this Base Prospectus, based on information in the Parent Company's shareholders' register, the shares in the Parent Company are held by approximately 400 shareholders. The table below shows the shareholdings in excess of 2 per cent. of the entire share capital.

<b>Shareholder of Iccrea Holding</b>	<b>% of share capital held</b>
BCC DI ROMA SCARL	3.612
CASSA CENTRALE BANCA DEL NORD-EST SCARL	3.055
BCC RAVENNATE E IMOLESE SCARL	2.169
C.R.A. DI CANTU' SCARL	2.323
EMILBANCA SCARL	2.026
BCC DI CARATE BRIANZA SCARL	2.010

*The Group's internal structure*

A diagram setting out the structure of the Group is set out below



## ***History and Development***

The origins of the Issuer in the form in which it stands today can be traced back to the 1960's.

"*Istituto di Credito delle Casse Rurali e Artigiane*" (Credit Institute of Rural and Artisan Banks) (the "**Credit Institute**") was incorporated on 30 November 1963 with approximately 190 rural banks signing its charter.

In the early years of its business activities, the Credit Institute provided services to a growing number of banks. During the early seventies the number of client banks (the Italian cooperative banks ("**BCC**") and rural banks ("**CR**")) that the Credit Institute was serving continued to expand, resulting in its establishment of separate departments to provide banking services to better meet the requirements of companies within the group.

In 1975, the *Fondo Centrale di Garanzia* was also established. This was one of the first examples in Italy of a funding system providing key financial and credit services to a network of banks.

Twenty years after its establishment, coupled with an increased growth in the agricultural banking system, the role of the Credit Institute was becoming increasingly important.

In 1985, *Sezione Speciale per il Credito alla Cooperazione* at BNL (the department of Banca Nazionale del Lavoro that specialises in lending to rural business cooperatives) authorised the Credit Institute to provide loans to rural banks for lending to various cooperatives.

Also in that year, the Credit Institute increased its share capital to 80 billion Italian liras and established the *Società Coogestioni*, which issued the *Fondo Aureo* (golden fund) on the market.

In 1992, the Credit Institute became a member of the UNICO Banking Group resulting in an expansion of its presence in the European market.

In 1995, the Parent Company and the Issuer were established, and the banking activities of the Credit Institute were transferred to the Issuer.

On 1 July 1995, the Issuer became an official member of the UNICO Banking Group.

In 1997, the Issuer joined the newly-established *Fondo di Garanzia dei Depositanti del Credito Cooperativo* and a year later it was active in a number of the divisions of the Milan stock exchange (including in shares, bonds and derivatives) also becoming a primary dealer on the wholesale market for Government bonds.

On 29 July 1999, by extraordinary resolutions of the shareholders, the name of Iccrea S.p.A. was changed to "**ICCREA BANCA – Istituto Centrale del Credito Cooperativo** – joint-stock company" with effect from 1 January 2000.

In 2000, the Group launched a complex and strategic reorganisation of its banking businesses/operations with the aim of bringing the Issuer closer to the credit cooperative banks and their markets.

In 2000, the share capital of the Issuer was 420 billion Italian liras and on 22 September 2000 the Board of Directors agreed to the conversion of the above mentioned share capital to the amount of Euro 216,913,200.

### *Strategy*

In order to assess the management prospects of the Issuer, it is considered useful to refer to the strategic guidelines issued by the Parent Company.

With reference to the strategic guidelines, objectives are defined by the Group for the three-year period 2013-2015 (the "**Plan**") in order to support the BCCs through the offer of:

- specific products and services (payment systems, payment cards, finance, equity intermediation, etc.);
- specialised loan products (e.g., leasing, extraordinary finance products, foreign, factoring, hire and debt collection);
- support financing products (e.g., ordinary credit, consumer credit and residential mortgages);
- financial and insurance products; and
- administrative services.

The Plan's key objectives provide for:

- a focus on providing support to the BCCs in the development of their markets of reference through the confirmation of the market of reference established by the BCCs and by their "elective" customers both current and potential (expansion of the customer base on their territories) and increased penetration with existing customers;
- the full application of the new service model (from supplier to partner) through the capacity of the Group to make its products/services/expertise available as direct support for the BCC branch (i.e., integration of the Group in the distribution chain of the BCC) and achievement of greater penetration with the customers of the Group offer (cross selling between companies of the Group). In this context the Issuer will also continue to review its service model, in line with the Parent Company, towards an affirmation of its role as a lasting, permanent partner and away from the old concept of the "product factory";

- equity suitability, oversight of liquidity in line with the service role held by the Group, and joint management of the risks;
- containment of the costs through the search for economies of scale, rationalisation and simplification of the organisational and company structure; and
- realisation of alliances.

### ***Overview of business activities***

The Issuer's corporate purpose is to: "...*facilitate the activities of Cooperative Credit Banks (BCC), by supporting and strengthening their banking business through the provision of loans, technical support, and financial assistance...*" (article 4, paragraph 2, of the Issuer's Articles of Association).

The Issuer's primary purpose is to support and strengthen the banking businesses of the BCCs through all forms of lending, technical and financial assistance in accordance with the procedures set out in the relevant bank's articles of association as well as through other initiatives aimed at facilitating the interests of the BCC.

The BCCs are local and rural banks that provide banking services in a defined, limited geographical area and mainly to their shareholders. Currently there are 394 BCCs active in the Italian market, spread across the Republic of Italy in approximately 2,718 Italian municipalities. Many of them are clients of the Issuer.

As set out in the abovementioned article 4 of the Articles of Association of the Issuer, the corporate purpose of the Issuer includes the collection of savings, lending and factoring. The Issuer may carry out subject to and in compliance with applicable regulations banking and financial transactions and services, as well as any transactions which may be instrumental to, or in any case related to, the fulfilment of its corporate purpose.

The Issuer may, subject to and in accordance with existing laws and regulations, issue bonds, hold equity interests in other companies (including majority interest holdings in companies which carry out business activities) *provided that* they contribute towards the fulfilment of the Issuer's corporate purpose.

The Issuer prepares a regular management report, in accordance with a specific "data model", reporting on the results obtained by the individual business areas into which the Issuer's activities are subdivided.

These individual business areas are described as follows:

- finance and credit;
- payment systems; and

- corporate centre (includes institutional services, central governance, support functions and agency service).

This break-down of the business functions reflects the operating responsibilities based on the Issuer's organisational structure; the business areas are made up of an aggregation of units and business lines which have similar characteristics regarding the type of products and services provided and regulatory requirements affecting the way the Issuer is authorised to do business.

The table below sets out a summary of the financial highlights of the Income Statement of the Issuer for the years ended 31 December 2012 and 31 December 2011, divided by business area.

Item/Business area	Finance and Credit		Payment Services		Corporate Centre		Aggregate	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(Thousands of Euro)</i>							
Net interest income <sup>1</sup>	78,885	60,309	584	1,661	4,304	2,285	83,772	64,256
Net income from services <sup>2</sup>	26,443	49,142	108,555	104,328	23,509	19,939	158,507	173,409
<b>Total revenue<sup>3</sup></b>	<b>105,328</b>	<b>109,451</b>	<b>109,138</b>	<b>105,990</b>	<b>27,813</b>	<b>22,224</b>	<b>242,279</b>	<b>237,665</b>
Administrative expenses <sup>4</sup>	30,874	39,987	66,082	68,059	56,542	47,920	153,498	155,966
Net adjustment of property and equipment and intangible assets	1,251	1,621	2,966	2,056	2,157	981	6,373	4,658
<b>Total operating costs<sup>5</sup></b>	<b>32,125</b>	<b>41,608</b>	<b>69,048</b>	<b>70,114</b>	<b>58,699</b>	<b>48,901</b>	<b>159,871</b>	<b>160,624</b>
<b>Gross operating profit/(Loss)<sup>6</sup></b>	<b>73,203</b>	<b>67,843</b>	<b>40,091</b>	<b>35,875</b>	<b>-30,886</b>	<b>-26,677</b>	<b>82,408</b>	<b>77,041</b>

The table below sets out a summary of the financial highlights of the Balance Sheet of the Issuer as at 31 December 2012 and 31 December 2011, divided by business area. In particular the table shows the main Balance Sheet aggregates relating to the utilisation of and deposits made by customers and banks. The Balance Sheet values are those of period end. Liabilities include capital, reserves and the period result.

<sup>1</sup> Net Interest Income means the sum of the following items: Net interest income (Income Statement Item 30) and Profit (Loss) after tax on non-current assets in the process of being sold off (Income Statement Item 280).

<sup>2</sup> Net Income From Services means the sum of the following items: Net Fees and Commission income (Income Statement Item 60), Dividends and similar income (Income Statement Item 70), Net Gain (loss) on trading activities (Income Statement Item 80), Net Gain (Loss) on the hedging activities (Income Statement Item 90), Net Gain (Loss) on the disposal or repurchase (Income Statement Item 100), Net Gain (Loss) on financial assets and liabilities designated at fair value through profit or loss (Income Statement Item 110), Other operating income/expenses (Income Statement Item 190) and Profit (Loss) after tax on non current assets in the process of being sold off (Income Statement Item 280).

<sup>3</sup> Total revenue means the aggregate of net interest income and net income from services.

<sup>4</sup> Administrative expenses means the Income Statement item 150 which include the personnel expenses and the other administrative expense.

<sup>5</sup> Total operating costs means the sum of the following items: Administrative expenses (Income Statement Item 150), Net adjustment of property and equipment (Income Statement Item 170) and Net adjustment of intangible assets (Income Statement Item 180).

<sup>6</sup> Gross operating profit/(Loss) means the item 250 of the Income Statement "Profit (loss) before tax on continuing operations" net of item 130 of the Income Statement "Net losses/recoveries on impairment" and of item 160 of the Income Statement "Net provisions for risks and charges".

Item/Business area	Finance and Credit		Payment Services		Corporate Centre		Aggregate	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(Millions of Euro)</i>							
Assets with customers	1,665	1,129	0	0	111	79	1,776	1,209
Assets with banks	27,023	15,946	0	0	0	0	27,023	15,946
Financial assets and equity investments	7,114	3,374	22	23	193	258	7,329	3,655
<b>Total assets</b>	<b>35,802</b>	<b>20,449</b>	<b>22</b>	<b>23</b>	<b>304</b>	<b>337</b>	<b>36,128</b>	<b>20,810</b>
Liabilities with customers	8,890	1,187	378	533	2	19	9,270	1,739
Liabilities with banks	21,197	15,452	0	0	0	0	21,197	15,452
Other financial liabilities	4,928	3,022	34	3	699	594	5,661	3,619
<b>Total Liabilities</b>	<b>35,015</b>	<b>19,661</b>	<b>412</b>	<b>536</b>	<b>701</b>	<b>613</b>	<b>36,128</b>	<b>20,810</b>

### ***Business Units***

The Issuer's activities within each business area described under "***Overview of business activities***" above are split into units which comprise (i) activities that the Issuer carries out on its own account, and (ii) services that it provides to the BCC in accordance with its corporate purpose. Below is a description of the units within each business area summarising the scope of each such unit's activity.

#### ***Finance and Credit***

The finance and loan business area operates in various sectors providing support to the operational needs of the BCCs maintaining in the meantime a low risk level.

#### ***Proprietary Finance & Trading***

The "***U.O. Finanza Proprietaria e Trading***" manages activities for the Issuer in relation to the trading book and provides a mechanism for identifying borrowing requirements at individual and consolidated levels. This involves monitoring and overseeing management of risks relating to interest rates, foreign exchange and liquidity of the banking book.

The business unit, in the current structure, is given the following tasks and responsibilities:

- (a) market making in respect of the multilateral trading system (as Hi-Mtf Sim S.p.A.);
- (b) management of portfolios owned by the Issuer, including certain assets held through unlisted derivative financial instruments;
- (c) trading of government securities on regulated markets, multilateral trading systems and/or outside the market; and
- (d) activities carried out in order to identify the financial needs of the Issuer and those of other companies within the Group and to formulate proposals for the management of



risks related to interest rates, foreign exchange and liquidity, and in order to determinate investment proposals for holding proprietary assets.

#### *Treasury and Exchange – "U.O. Tesoreria e Cambi"*

The "U.O. Tesoreria e Cambi" operates in the monetary, foreign exchange and precious metals markets providing management of funding received by the BCC and the relevant structures of the Issuer, by ensuring at the Issuer and the Group consolidated levels the supervision of funding requirements in respect of short term commitments and the management of liquidity in respect of short term and foreign exchange requirements.

This business unit also oversees the development of the treasury procedures connected to regulatory systems (Target, CLS, etc.).

In 2012, the "U.O. Tesoreria e Cambi" business area oversaw the liquidity risks of the Bank, the Group and the BCCs in the context of various systemic crises in the banking sector both at a national and European level.

The short-term treasury sector also saw the execution in 2012 of the new "partner bank" strategy whereby the Issuer assists the BCC in analysing the needs of its customers in order to provide tailored investment solutions by offering competitive products.

In terms of liabilities, the policy of providing support to the BCCs continued in 2012 with specific collection initiatives which kept the profitability offered to the system high and at the same time maintained group funding. The main initiatives were:

- at the same time as the second three-year LTRO, the offer of a restricted deposit at three per cent. to invest funds aimed at the reimbursement of the CBO3 which collected Euro 600 million;
- at the same time as the reduction in rates carried out by the ECB in July, the introduction of a "floor" at 0.25 on the parameter rate of remuneration of the DBA; and
- the offer of a restricted 16 month deposit made at the end of September which collected Euro 300 million.

#### *Institutional Sales – "U.O. Institutional Sales"*

The "U.O. Institutional Sales" provides on behalf of the BCCs, other client banks, the companies within the Group and the internal structures of the Issuer, certain financial investment services including: execution of orders on behalf of clients, collection and transmission of orders and placement services.

In 2012, the *U.O. Institutional Sales* continued to develop its own investment service offer model on the basis of the continuous evolution of its customers' needs. This action is focussed on:

- identification of new operative demands of the BCCs and their customers;
- innovation of supporting operations for technological devices; and
- developing a best execution model.

This enabled the launch of some important projects, including, in particular:

- the participation of the "EMIR" Work Group, whose objective is to search for the best technical-operative solutions for the management of the "Clearing" of the derivative contracts concluded by the BCCs with the Institute;
- the participation in the technological migration of Borsa Italiana to the "Millennium Exchange" platform;
- the multimedia communication campaign called "Transformation of Variable Rate Loans" which made full use of the cooperation between Institutional Sales and Business Intelligence, putting into effect the principles of the New Service Model of the Issuer through which an element of great innovation was introduced into the methods of involvement of the Cooperative Banks ("CBs") in the subjects connected to the development of new business;
- the participation in the "direct" placement on the MOT market of Borsa Italiana of the "BTP Italia", a new financial instrument conceived by the Treasury and linked to the Italian consumer prices index; and
- the introduction of the "Asset Swap on Italian government securities linked to the European inflation" operation, which made available to the CBs another investment instruments in order to optimise the return of their propriety portfolio.

Despite a moderate recovery being registered in the values of the index of reference, the strong volatility of the quotations of Italian shares entailed a significant decrease in the volumes of orders collected, confirming the negative trend of the three-year period: €3.2 billion in 2012 compared to €4.3 billion in 2011 and €4.7 billion in 2010.

### *Securitisations*

Together with the other operational units and members of the Group, the Issuer has been involved in several securitisation transactions carried out by BCCs and other companies within the Group.

The main activities performed in 2012 are as follows:

- structuring a new securitisation transaction named "Credico Finance 10" with residential mortgages originated by 30 BCCs for an amount of approximately Euro 1.6 billion;
- structuring of a new securitisation transaction named "Credico Finance 11" with commercial and unsecured mortgages originated by 22 BCCs for an amount of approximately Euro 746 million;
- feasibility study and implementation of the activities connected to the so-called Loan by Loan, requested by the ECB in respect of the following transactions: Credico Finance 8; Credico Finance 9; Credico Finance 10; and Credico Finance 11;
- restructuring certain transactions, namely, Credico Finance 12 (residential mortgages) and Credico Finance 14 (commercial credits) originated by 37 BCCs for an amount of approximately Euro 1.3 billion and by 11 BCCs for an amount of approximately Euro 500 million, respectively; and
- commencement of closing of the Credico Finance 2 transaction.

#### *Asset Management – "MA. S. Management"*

With effect from 1 June 2012, the Issuer has made the decision to terminate the asset management services previously agreed with BCC clients. To this end, the residual activity of asset management for the only remaining active customer, BCC Vita S.p.A., is secured within the U.O. Institutional Sales.

#### *Business Intelligence – "U.O Business Intelligence"*

In the context of the activities concerning the investment services and with particular reference to the provision of consulting services in the field of investment, such organisational structure was adopted by the Issuer in March 2013.

The "U.O. Business Intelligence" is responsible for ensuring control of the activities of integrated analysis of qualitative and quantitative information for the BCCs and to propose financial solutions in order to optimise the management of risk/yield. Such U.O. ensures the monitoring of markets and the development of the offer in terms of developing and/or updating of products and services. It provides to devise innovative financial instruments, in line with the needs of the BCCs. It ensures the implementation of marketing interventions in relation to the products/services offered by the Issuer. It supplies to the BCCs and the other clients banks advisory about advanced financial management, including the theoretical estimate of the economic value of financial instruments including complex. Its task is to also prepare and publish research on investments in favour of the BCCs.

### *Loans and receivables*

The "*U.O. Loans and receivables*" provides services in relation to the processing of loans in Euros, foreign exchange and special loans for clients (institutional, large corporate, retail customers and employees of the Issuer). It also provides additional services such as development, pricing, management and monitoring of loans.

In 2012, the focus was on providing services to the BCCs and CRs, to companies within the Group and, to a lesser extent, to retail customers such as employees of the Group and/or clients referred to the Issuer by the BCCs and CRs, and through a policy of developing services obtaining the trust of very important large corporates.

In 2012, 979 financing operations were assured as compared with 648 in 2011. Credit facilities were also granted with new technical forms (guaranteed credit openings - pool collateral) to meet the BCCs' liquidity needs.

In compliance with the "New Prudential Supervisory Instructions for Banks" issued by the Bank of Italy (on the management of liquidity risk) in 2010, the Issuer has further refined the process for the new configuration of the treasury credit facilities in favour of the BCCs.

More specifically, the Issuer's offer has been extended in terms of treasury lines, perfecting an instrument that had already been used previously, making available the opening of collateral-backed loans - "securitised pool" - to supplement the "ECB Auctions Service" and "forward" operations.

During 2012, 562 resolutions were passed, 279 of which related to increases or lines for operations in the "collateral pool". In so doing, the BCCs had available a liquid instrument to make the most of the opportunities offered up by the market.

### *Correspondent Banking*

Correspondent Banking mainly concentrated on two lines: the relationships network and the management of reputational risk. In 2012, the Group had 70 counterparties of whom more than 25 had never previously had relations with the Group. More specifically, activity was focused on countries which are important for Italian exports, namely India, Turkey and China.

In 2012, within the context of this revitalisation activity of the network, Correspondent Banking also started a review action of the conditions of the accounts with the banks in order to improve their efficiency and profitability in the field of international payments, in particular outside the EU.

## *Payment Systems*

### *Collection and Payment – "U.O. Incassi e Pagamenti"*

The "U.O. Incassi e Pagamenti" manages products and services offered by the Issuer in relation to domestic and international payment systems, with the exception of documented operations connected to the import/export of goods. This unit manages the current account reports with ordinary retail clients, companies, the BCCs, Movement companies/entities and employees. It carries out the custody and management of cash, securities and assets whether owned or under administration. It supervises the formalities connected with the paperwork in the clearing process.

In the traditional payments sector, operations of the Collections and Payments Service are aimed at improving the quality of the services offered by BCCs, with the aim of meeting the needs of the same facilitating their increased market penetration.

In particular, the adaptation to new international legislation responsible for introducing regulations such as PSD (the Payment Services Directive), SEPA DD (direct debit), SEPA CT (credit transfer) and SECA (Cash), was carried out, aimed at minimising the impact on the BCCs. This involved making the necessary organisational and application modifications to be ready for the exchange of the related flows.

In 2012, the "U.O. Incassi e Pagamenti" had the following objectives, in the interests of the BCCs:

- to implement the trade and regulation of collections/ payments towards banks situated within and outside the EU; and
- to minimise the costs that each individual BCC would incur to make the trade both on an operative level (connections, technological infrastructures, procedures, etc.) and on the level of regulatory monitoring.

### *E-bank service – "Servizio E-bank"*

The "Servizio E-bank" promotes and develops matters regarding domestic and international payment systems and connected services offered to clients.

This service oversees research, exploration, verification of the validity and applicability of new products, both from the technical and managerial points of view.

The E-bank service has the responsibility of proposing, creating or contributing to the creation of suitable products/services which, in line with the central management development plan, meet – and when possible anticipate – the needs of clients. This service collaborates externally with institutional and trade entities (ABI, CIPA, etc.) and acts closely with the commercial units.

E-money services have developed through a phase of significant evolution which has brought them to hold even more prominent positions in the banking sector, both domestically and internationally.

The needs of the banking and finance sector today especially concern the integration of systems, internationalisation, insourcing, safety, conflicts and management of fraud.

Some notable factors impacting on the regulatory, procedural, and technological development of the sector have been determined by bodies and initiatives known as SEPA (Single Euro Payment Area), EAPS (Euro Alliance of Payment Schemes), and PSD (Payment Services Directive), aimed at unifying, regulating, and rationalising business, without leaving behind customer protection in terms of information and transparency, in adapting systems to each local market.

To satisfy the new requirements relating to the issue of affiliation cards, important requirements are necessary on all e-money service products, including authorisations to issue, which require a differentiated parameter system as well as a specific management of the new safety/authentication components.

The emergence of further opportunities related to retail and new delivery channels (mobile, Internet) need to be considered, in that they claim their own space in the world of electronic payments. In sharing these principles and accepting these indications, the Issuer is aligned with regulatory and market evolution, also taking advantage of specific collaboration in the realisation of systems and applications.

By identifying the Issuer as a single issuer and acquirer for the entire BCC and CR industry, the Issuer simplifies and rationalises the operating chain of e-money services, reinforces the quality and security of the catalogue of products/services, and provides a combined and centralised management of relationships with institutions, suppliers, and business partners.

All three components of the banking and finance sector (debit, prepaid and credit) recorded an appreciable increase in volumes that can be summarised as follows at the end of 2012:

- (a) debit cards issued with chip technology, migrating from the old magnetic strip card, totalled 1.8 million;
- (b) active prepaid cards issued increased from 246,000 at the end of 2011 to 271,000 at the end of 2012 (an increase of 10.1 per cent.); and
- (c) credit cards issued showed a sustained increase of 2.4 per cent., moving from 627,000 at the end of 2011 to 642,000 at the end of 2012.

It should also be noted that the "acquiring bank" sector grew in 2012 with brokered volumes increased by 15.7 per cent. reaching 15.4 billion in 2012 (of which 11.2 billion relating to the

8000 pagobancomat circuit +ATMs and 4.2 billion referring to the international circuit) as compared with 13.3 billion in 2010, with a 15.7 per cent. increase.

In 2012, the process of adapting the ATM and POS (*point of sale*) terminals to microcircuit technology also progressed at a sustained rate with 115,000 POSs and 4,200 ATMs. The position of the Issuer as the only major operator in the area of the Cooperative Credit Movement regarding supplying of e-money services and products will be enhanced by further new products and developments in the sector.

#### *CAIS – "U.O. Applicazioni Centro Applicativo Interbancario Standardizzato"*

The "*U.O. Applicazioni Centro Applicativo Interbancario Standardizzato*" promotes and develops matters regarding the typical activities of an "application centre" overseeing the planning/implementation/management of correlated systems (RNI, SWIFT, etc.) and services. It ensures the development of applications related to the activities of a "Clearing Bank".

#### ***Corporate Centre***

##### *Institutional Services - Securities Administration – "U.O. Amministrazione Titoli"*

The "*U.O. Amministrazione Titoli*" is responsible for the administration of the financial instruments of the Issuer and third parties, and maintaining the administrative relationships with public bodies governing the regulation and custody of financial instruments.

##### *Institutional Services - Depository Bank – "Servizio Banca Depositaria"*

The "*Servizio Banca Depositaria*" is responsible for the fulfillment of the obligations connected to the function of a depository bank, specifically:

- (a) it assesses the operations carried out by the management companies and their compliance with any laws, regulations and instructions of the competent supervisory body;
- (b) it confirms the conformity of the procedures of calculating the value of the securities, the accuracy of the respective publications, the legitimacy of the legal notifications and accounts;
- (c) it oversees the assets of the funds by assessing the adequacy of the administrative processes provided from time to time; and
- (d) it conducts operational relations with management companies, connection networks and any other competent entities.

In the area of Securities Services, the Issuer is responsible for the development and market offering of products/services regarding three specific areas of activity: Custody (Post trading, Settlement, Custody), Securities Back Office Outsourcing and Custodian Bank.

As a partner able to satisfy the entire value chain of administrative and regulatory services for securities, the Issuer's activity in the Securities Services unit has been focused on offering customers a single depositary; it also provides flexibility in managing even non-standardised models, personalising the offered products/services to the needs of customers.

The Issuer's activity in the Securities Services unit continues to be, for the BCCs and other clients, an affordable and efficient opportunity compared with internal process management and in direct adherence to the Central Regulatory and Guarantee Systems.

The Issuer offers an integrated system that allows customers to interface with a single counterparty benefiting from easier market access; technological investments; management, maintenance, and development of applications; and processing and operating activities.

The Issuer's Global Custody service was set up to ensure a complete and integrated service and to satisfy the entire range of needs for administrative and regulatory services for securities, providing in this way an adequate response to the needs of BCCs and CRs.

In the role of Custodian Bank, the Issuer provides, in particular with regard to Aureo Gestioni, services of custody, administration, and equity control, legal compliance, compliance with fund regulations and the ordinance of the relevant supervisory bodies. Attention was also given to Pension Funds and Real Estate Investment Funds.

As at the end of 2012, the volume managed reached Euro 136 billion from 90.5 as at the end of 2011.

## **Deposits**

The Issuer's deposits primarily consist of interbank deposits. As at 31 December 2012, interbank deposits amounted to Euro 21,196.6 million with an increase of 37.18 per cent. on December 2011 (an increase of Euro 5,744.6 million); within the inter-bank deposits of this aggregate, CB and CR deposits increased by 25.2 per cent. (from Euro 5,707.7 million as at 31 December 2011 to Euro 7,144.7 million as at 31 December 2012) with an increase of 44.2 per cent. in due to other banks (from Euro 9,744.2 million as at 31 December 2011 to Euro 14,051.8 million as at 31 December 2012). In 2012, funding from ordinary customers increased (Euro 9,270.7 million as at 31 December 2012 compared to Euro 1,738.7 million as at 31 December 2011). The increase is due mainly to the operations of repurchase agreements made with the *Cassa di Compensazione e Garanzia*.



The following table shows the aggregate and breakdown of amounts due to banks as at 31 December 2012 and 2011:

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
CBs-RBs	7,144,769	5,707,716	1,437,053	25.2
Other credit institutions	14,051,832	9,744,243	4,307,589	44.2
<b>TOTAL</b>	<b>21,196,601</b>	<b>15,451,959</b>	<b>5,744,642</b>	<b>37.2</b>

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
Due to central banks	12,706,391	8,204,893	4,501,498	54.9
Current accounts and demand deposits	4,956,987	3,800,638	1,156,349	30.4
Time deposits	3,459,949	3,087,793	372,156	12.1
Loans	72,317	354,115	-281,798	-79.6
Other payables	957	4,520	-3,563	-78.8
<b>Total Due to banks</b>	<b>21,196,601</b>	<b>15,451,959</b>	<b>5,744,642</b>	<b>37.2</b>

The following table shows the breakdown of amounts due to customers as at 31 December 2012 and 2011:

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
Current accounts and demand deposits	656,291	718,312	-62,021	-8.6
Time deposits	12,429	15,355	-2,926	-19.1
Loans	8,221,709	469,733	7,751,976	1,650.3
Other payables	380,268	535,314	-155,046	-29.0
<b>Total Due to customers</b>	<b>9,270,697</b>	<b>1,738,714</b>	<b>7,531,983</b>	<b>433.2</b>

## Lending activities

The Issuer's lending activity is primarily with the banks (i.e., the aggregate of Loans to banks of Euro 27,022.8 million, the aggregate of Loans to customers of Euro 1,664.9 million). Within the aggregate of amounts due from banks (Euro 27,022.8 million as at 31 December 2012), those due from BCCs (or CBs) and CRs increased by 73.2 per cent. over 2012 (from Euro 10,011.8 million as at 31 December 2011 to Euro 17,338.9 million as at 31 December 2012) while the receivables from other credit institutions increased by 63.2 per cent. (from Euro 5,934.3 million as at 31 December 2011 to Euro 9,683.9 million as at 31 December 2012).

In 2012, loans to ordinary customers increased by 47.4 per cent., from Euro 1,129.4 million as at 31 December 2011 to Euro 1,664.9 million as at 31 December 2012.

The following table shows the aggregate and breakdown of amounts due from banks as at 31 December 2012 and 31 December 2011:

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
CBs-RBs	17,338,901	10,011,883	7,327,018	73.2
Other credit institutions	9,683,944	5,934,358	3,749,586	63.2
<b>TOTAL</b>	<b>27,022,845</b>	<b>15,946,240</b>	<b>11,076,605</b>	<b>69.5</b>

The following table shows the breakdown of amounts due from banks as at 31 December 2012 and 31 December 2011:

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
Due from Central Banks: Obligatory Reserve	96,111	215,898	-119,787	-55.5
<b>Due from Banks</b>	<b>26,926,734</b>	<b>15,730,342</b>	<b>11,196,392</b>	<b>71.2</b>
- Current accounts and demand deposits	1,139,427	959,479	179,948	18.8
- Time deposits	347,291	463,898	-116,607	-25.1
- Other	21,481,615	10,217,896	11,263,719	110.2
- Debt securities	3,958,401	4,089,069	-130,668	-3.2
<b>Total Due from Banks</b>	<b>27,022,845</b>	<b>15,946,240</b>	<b>11,076,605</b>	<b>69.5</b>

The following table shows the breakdown of loans to customers as at 31 December 2012 and 31 December 2011:

	As at 31 December		Change	Change %
	2012	2011		
	<i>Thousands of Euro</i>			
Current accounts	437,081	660,673	-223,592	-33.8%
Mortgage loans	157,592	170,929	-13,337	-7.8%
Repurchase agreements	19,048	0	19,048	-
Other transactions	950,177	218,017	732,160	335.8%
Debt securities	70,222	43,339	26,883	62.0%
Impaired assets	30,841	36,407	-5,566	-15.3%
<b>Total Loans to Customers</b>	<b>1,664,961</b>	<b>1,129,365</b>	<b>535,596</b>	<b>47.4%</b>

## Risks and related hedging policies

The Group considers risk protection and control systems to be important requirements for guaranteeing a reliable and sustainable generation of value, protecting financial solidity and permitting adequate management of portfolios of assets and liabilities.

In relation to its lending activity, the Issuer has focused on:

- (a) supporting the BCCs in the agricultural sector;
- (b) developing relations with companies, within the BCCs area, that have a strong international approach;
- (c) being the main key centre for subsidised loans for the BCCs;
- (d) the funding needs of the BCCs by, for example, granting overdrafts, ceilings and maximum operational limits;
- (e) developing, with the cooperative community, loans pooled with the BCCs to the members of Confcooperative; and
- (f) the expansion of business with big corporate entities, consistent with the development of relations between these companies, the BCCs and the payment and electronic money services offered by the Issuer.

### ***Credit Risk Management***

#### *Monitoring*

In order to maintain the quality of its loan portfolio, the Issuer has a policy of careful evaluation of creditworthiness and the constant monitoring of its loan positions.

#### *Lending risk*

A centralised department establishes the procedures for evaluating the types of risks attached to each loan granted by the Issuer. The department also monitors the overall risk, verifies capital adequacy and evaluates the performance of lending activities in terms of risk/return. In addition, the process of debt recovery is supervised centrally and the debt recovery activities of the Issuer are coordinated.

#### *Bad Debts*

In accordance with the Bank of Italy's system of classification, the Issuer divides its loans into separate categories including, amongst others, (i) "substandard loans" for borrowers which are experiencing financial or economic difficulties that are likely to be temporary ("*incagli*") and (ii) "bad loans" for borrowers against whom insolvency or similar proceedings have been instituted ("*sofferenze*").

The Issuer's loan portfolio is monitored regularly to review the prospects of recovery and estimated losses and the Issuer makes specific provisions tied to the expected loss on each non-performing loan, problem loan or, if deemed necessary, on certain performing loans.

As at 31 December 2012, the amount of net bad loans was Euro 24,774,000 decreasing from Euro 30,725,000 in 2011.

The following table sets out the breakdown of the Issuer's bad loans (*sofferenze*) as at 31 December 2012 and 2011:

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(Thousands of Euro)</i>	
Gross bad loans	87,304	90,588
Adjustments	-62,530	-59,863
Net bad loans	24,774	30,725

The following table sets out the breakdown of the Issuer's substandard loans (*incagli*) as at 31 December 2012 and 2011:

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(Thousands of Euro)</i>	
Gross sub standard loans	2,799	5,485
Adjustments	0	-43
Net sub standard loans	2,799	5,442

As at 31 December 2012, net substandard loans amounted to Euro 2,799 thousand and the sum of net bad loans plus net substandard loans amounted to Euro 27,573 thousand.

## **Funding**

The total amount of funds borrowed by the Issuer as at 31 December 2012 was Euro 4,132,123,807 which represented an increase of Euro 1,706,564,553 compared to Euro 2,425,559,254 in 2011.

In particular the total amount of funds borrowed by the Issuer as at 31 December 2012 (through the issuance of notes) is composed as follows:

- Issued securities Euro 3,386,758,419 (Euro 1,701,830,389 as at 31 December 2011);
- Financial liabilities at fair value through profit or loss Euro 745,365,388 (Euro 723,728,865 as at 31 December 2011)

## **Capital Ratios**

The Bank of Italy has adopted risk-based capital ratios pursuant to EU capital adequacy directives. Italy's current requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions

of the Basel Committee on Banking Regulations and Supervisory Practices. Capital ratios consist of core (Tier I) and supplemental (Tier II) capital requirements relating to the Issuer's assets and certain off-balance sheet items weighted according to risks ("**risk-weighted assets**").

Under the Bank of Italy's regulations, the Issuer is required to maintain a total capital ratio (that is, the ratio of total capital to total risk-weighted assets) of at least eight per cent.

The Issuer's capital ratios as at 31 December 2012 and 2011, which are illustrated in the table below, exceed the minimum levels prescribed by the Bank of Italy.

	<b>As at 31 December</b>	
	<b>2012</b>	<b>2011</b>
	<i>(thousands of Euro)</i>	
Tier I Capital	353,898	334,947
Tier II Capital	48,832	48,601
Elements to be deducted	0	0
<b>Total Capital</b>	<b>402,730</b>	<b>383,548</b>
Credit Risk	127,555	170,013
Market Risk	18,152	29,978
Operation Risk	23,237	23,144
<b>Total requirements</b>	<b>168,944</b>	<b>223,135</b>
Risk weighted assets	2,111,800	2,789,188
<b>Tier I Ratio</b>	<b>16.76</b>	<b>12.01</b>
<b>Total Capital Ratio</b>	<b>19.07</b>	<b>13.75</b>

## Organisational Structure

The members of the Board of Directors, Management Board, and Board of Auditors of the Issuer as of the date of this Base Prospectus are listed hereunder, together with details of their positions and any principal activities carried out in other companies where these may have an overlap with the office held with the Issuer.

### *Board of Directors*

<b>Name</b>	<b>Responsibilities within Iccrea Banca S.p.A.</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
Carri Francesco	Chairman ( <i>Presidente</i> )	Chairman of Banca della Maremma CC of Grosseto s.c.; Deputy Chairman Federazione Toscana Banche di Credito Cooperativo s.c.r.l.; director of BCC

Name	Responsibilities within Iccrea Banca S.p.A.	Principal activity outside Iccrea Banca S.p.A.
Colombo Annibale	Substitute Vice Chairman <i>(Vice Presidente Vicario)</i>	Solutions. Chairman of BCC Carate Brianza; director of Federazione Lombarda delle BCC.
Fiorelli Bruno	Vice Chairman <i>(Vice Presidente)</i>	Chairman of BCC del Metauro S.p.A. a r.l.; chairman of Federazione Marchigiana delle BCC s.c.; director of Federcasse Federazione Italiana delle BCC-CRA; deputy chairman of I.B.FIN. S.p.A.
Bonacina Gianfranco	Director <i>(Consigliere)</i>	Chairman of CR-BCC di Treviglio s.c.; director of Federazione Lombarda delle BCC s.c.; chairman of Collegio dei Revisori dei Conti di Federcasse – Federazione Italiana delle BCC-CRA; chairman of Collegio dei Revisori dei Conti del Fondo di Garanzia degli Obbligazionisti; chairman of Collegio dei Revisori dei Conti del Fondo di Garanzia Istituzionale del Credito Cooperativo Consorzio.
Buda Pierino	Director <i>(Consigliere)</i>	Chairman of Romagna Est BCC; deputy chairman of Federazione delle BCC dell'Emilia-Romagna; director of Bottega Video s.r.l.; director of Iniziative Editoriali.
Capogrossi Maurizio	Director <i>(Consigliere)</i>	Chairman of BCC "Giuseppe Toniolo" s.c.; deputy chairman of Federazione delle BCC di Lazio, Umbria, Sardegna s.c.; director of Fondo di Garanzia dei Depositanti del Credito Cooperativo Consorzio di Garanzia.

<b>Name</b>	<b>Responsibilities within Iccrea Banca S.p.A.</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
Michielin Gianpiero	Director ( <i>Consigliere</i> )	Chairman of Banca della Marca Credito Cooperativo s.c.; director of Los Amico s.r.l.
Paldino Nicola	Director ( <i>Consigliere</i> )	Chairman of BCC Mediocrati; director of Federazione Calabrese BCC; chairman of IN.CRA s.c.r.l.
Ravaglioli Domenico	Director ( <i>Consigliere</i> )	Chairman of Banca di Forlì Credito Cooperativo; director of Federazione delle BCC dell'Emilia Romagna; auditor of Federcasse; auditor of Fondo di Garanzia degli Obbligazionisti del Credito Cooperativo.
Saporito Salvatore	Director ( <i>Consigliere</i> )	Chairman of BCC G. Toniolo di San Cataldo; director of Federazione Siciliana delle BCC; director Banca Sviluppo S.p.A.; director of Federazione Italiana of BCC-CR.
Mazzotti Roberto	Director ( <i>Consigliere</i> )	Managing Director of Iccrea Holding; director of Iccrea BancaImpresa S.p.A.

The Board of Directors was nominated on 23 April 2013, for three financial years.

### ***Management Board***

<b>Name</b>	<b>Responsibilities within Iccrea Banca S.p.A.</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
Rubattu Leonardo	Managing Director  ( <i>Direttore Generale</i> )	Director of BCC Credito al Consumo; director of Hi-MTF SpA
Gelsomino Giovanni	Substitute Vice Managing Director	Director of M-Facility SRL; director of Oasi – Outsourcing Applicativo e Servizi Innovativi S.p.A.

<b>Name</b>	<b>Responsibilities within Iccrea Banca S.p.A.</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
	<i>(Vice Direttore Vicario)</i>	

The members of the Management Board were appointed on 11 March 2011, effective respectively on 16 March 2011 (*Direttore Generale*) and on 1 June 2006 (*Vice Direttore Generale*).

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

<b>Name</b>	<b>Responsibilities within Iccrea Banca S.p.A.</b>	<b>Principal activity outside Iccrea Banca S.p.A.</b>
Gaspari Luigi	Chairman ( <i>Presidente</i> )	Chairman of the Board of Statutory Auditors of Iccrea Holding S.p.A.; liquidator of Banca di Girgenti S.p.A. (in liquidation); chairman of the Board of Statutory Auditors of BCC Gestione Crediti S.p.A.; chairman of the Board of Statutory Auditors of BCC Solutions S.p.A.; liquidator of Coniel S.p.A. (in liquidation); director of Fabbrica Immobiliare SGR S.p.A.; chairman of the Board of Statutory Auditors of Selex ES S.p.A.; auditor ( <i>sindaco effettivo</i> ) of Isveimer S.p.A. (in liquidation); liquidator of Profit Investment Sim S.p.A.; chairman of the Board of Statutory Auditors of Carocci Editore S.p.A.; chairman of the Board of Statutory Auditors of Immicra S.r.l.; substitute auditor of BCC Credito al Consumo S.p.A; substitute auditor of BCC Factoring S.p.A.; substitute auditor of BCC Lease S.p.A.; auditor ( <i>sindaco effettivo</i> ) of C.I.R.A. S.c.p.A.; substitute auditor of Iccrea BancaImpresa S.p.A.; chairman of the Board of Statutory Auditors of Risparmio e Previdenza



Name	Responsibilities within Iccrea Banca S.p.A.	Principal activity outside Iccrea Banca S.p.A.
Catarozzo Camillo	Auditor ( <i>Sindaco Effettivo</i> )	S.G.R. S.p.A.; auditor ( <i>sindaco effettivo</i> ) of Nuove Energie S.r.l.  Deputy chairman of CRA BCC di Battipaglia e Montecorvino Rovella s.c.; auditor ( <i>sindaco effettivo</i> ) of I.S.I.D.E. S.p.A.; chairman of the Board of Statutory Auditors of Carpedil S.p.A.; chairman of the Board of Statutory Auditors of Seac S.p.A.; chairman of the Board of Statutory Auditors of Alfredo Buoninfante & C. S.p.A.; chairman of the Board of Statutory Auditors of A. Buoninfante Gestioni S.p.A.; chairman of the Board of Statutory Auditors of Si Campania S.p.A.
Nappini Eros	Auditor ( <i>Sindaco Effettivo</i> )	Chairman of BCC Montepulciano; director of Federazione Toscana BCC S.c.r.l.
Mascarello Santiago	Substitute Auditor ( <i>Sindaco Supplente</i> )	Chairman of the Board of Statutory Auditors of BCC di Cherasco; chairman of the Board of Statutory Auditors of Federazione BCC Piemonte Valle D'Aosta e Liguria; auditor ( <i>sindaco effettivo</i> ) of Occelli Agrinatura S.r.l.; auditor ( <i>revisore effettivo</i> ) of Comune di BRA.
Giudici Massimo	Substitute Auditor ( <i>Sindaco Supplente</i> )	Auditor ( <i>sindaco effettivo</i> ) of BCC Sorisole e Lepreno S.C.; substitute auditor of Federazione Lombarda of BCC s.c.; chairman of Board of Statutory Auditors of F.Ili Frigerio S.p.A.; substitute auditor ( <i>sindaco supplente</i> ) of G.B. Trasporti S.p.A.; auditor ( <i>sindaco effettivo</i> ) of Casa del Dolce s.r.l.; substitute auditor of

Name	Responsibilities within Iccrea Banca S.p.A.	Principal activity outside Iccrea Banca S.p.A.
		<p>Logistica S.p.A.; auditor of Italtrans S.p.A.; director of Valle D’Astino s.r.l.; auditor of Sorem Trasmissioni Meccaniche S.p.A.; chairman of the Board of Directors of F.lli Zanoletti Autotrasporti e Spedizioni S.p.A.; chairman of the Board of Statutory Auditors of R.G.F. s.r.l.; substitute auditor of SABB – Servizi Ambientali Bassa Bergamasca S.p.A.; chairman of the Board of Statutory Auditors of Vitali Ecorecuperi s.r.l.; auditor of Raphael 2 – Società Cooperativa Sociale – Onlus in liquidation; auditor of ATB Agenzia della Mobilità S.p.A.; official receiver (curatore fallimentare) of C.T.G. s.r.l. – Compagnia Termotecnica Generale; substitute auditor of S.V. Gomma s.r.l.; substitute auditor of Coopital s.c.; auditor of Il Ronco S.p.A.; official receiver of Ingetech s.r.l. in liquidation; auditor of BB Holding S.p.A.; official receiver of Acufon Finanziaria s.r.l.; chairman of the Board of Directors of Sirius Project s.r.l.; auditor of Alfa Standard S.p.A.; substitute auditor of A.T.A. Chimica S.p.A.; substitute auditor of K.I.R.S. S.p.A.; official receiver of R.N.G. Costruzioni s.r.l.; substitute auditor of Costruzioni Logistiche S.p.A.; auditor of Anita s.r.l.; auditor of Maxwork S.p.A. Agenzia per il Lavoro; auditor of Par. Cop. – Soc. Cons. S.R.L.; auditor of Novaplast s.r.l.</p>

The Board of Statutory Auditors was appointed on 23 April 2013, for three financial years.

The members of the Board of Directors, the Management Board and the Board of Statutory Auditors are all domiciled for the purpose of their appointment at the registered office of the Issuer at Via Lucrezia Romana 41/47, 00178 Rome.

### **Conflicts of Interest**

The members of the Board of Directors, Management Board, and Board of Statutory Auditors of the Issuer hold identical offices in other companies, and this situation may lead to conflicts of interest.

The Issuer manages conflicts of interest in accordance with Article 2391 of the Italian Civil Code and Article 136 of the Consolidated Banking Law.

The Issuer granted direct loans to certain directors for the total amount Euro 641,000 as at 31 December 2012. Those loans have been made in compliance with the provisions of Article 136 of the Consolidated Banking Law and the implementing regulations issued by the Bank of Italy.

For further information please refer to Part H "Transactions with related parties" of the audited non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012, incorporated by reference in this Base Prospectus.

### **Financial Statements**

The Issuer prepares annual financial statements and interim financial information.

The Parent Company is responsible for the preparation of consolidated financial statements.

### **Auditors**

The financial statements of the Issuer as at 31 December 2011 and 31 December 2012 have been audited, without qualification and in accordance with generally accepted standards in the Republic of Italy, by Reconta Ernst & Young S.p.A. The audit reports of Reconta Ernst & Young S.p.A. are available to the public and incorporated by reference herein.

Reconta Ernst & Young S.p.A. is registered under No. 2 in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in Article 161 of the *Testo Unico delle Disposizioni in Materia di Mercati Finanziari* and under No. 70945 in the Register of Accounting Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992, and is also a member of the ASSIREVI – *Associazione Nazionale Revisori Contabili*. The business address of Reconta Ernst & Young S.p.A. is Via Po, 32, 00196 Rome, Italy.

### **Legal and Arbitration Proceedings**

As of the date of this Base Prospectus, the Issuer is involved in certain administrative, legal and arbitration proceedings relating to its ordinary business activities.

Although the outcome of these proceedings is difficult to forecast, the Issuer does not believe that they will have a significant effect on the financial situation or profitability of the Issuer or the Group.

In any case, based on an assessment of the possible risk of these litigations, the Issuer has made a provision to the Risks and Charges account (Item 160 of the income statement) for the amount of Euro 657,132 which it considers adequate to cover the amounts that could become due in relation to these litigations.

## OVERVIEW FINANCIAL INFORMATION

Set out below is overview financial information of the Issuer which is derived from the audited non-consolidated financial statements of the Issuer as at and for the years ended 31 December 2012 (presented in accordance with IFRS/IAS) and 31 December 2011 (presented in accordance with IFRS/IAS) which have been audited by Reconta Ernst & Young S.p.A. Such financial statements, together with the audit reports of Reconta Ernst & Young S.p.A. (as appropriate) and the accompanying notes, are incorporated by reference into this Base Prospectus. The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements, reports and the notes thereto. See also "Documents incorporated by reference".

### Annual Non-Consolidated Balance Sheets of Iccrea Banca S.p.A.

	As at 31 December	
	2012	2011
	<i>(Audited)</i>	
	<i>(Euro)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	110,654,336	79,360,184
Financial assets held for trading	732,669,227	633,351,105
Financial assets designated at fair value through profit or loss	322,075,890	314,954,556
Financial assets available for sale	3,009,411,696	2,135,149,545
Financial assets held to maturity	3,017,529,491	317,603,972
Due from banks	27,022,845,050	15,946,240,440
Loans to customers	1,664,961,402	1,129,364,547
Hedging derivatives	14,148,147	15,169,949
Equity Investments	51,262,750	51,012,750
Property and equipment	20,019,339	19,911,027
Intangible assets	5,756,191	4,087,794
Tax assets	25,981,476	48,914,422
a) current	7,743,173	4,853,535
b) deferred	18,238,303	44,060,887
Non-current assets and asset disposal groups available for sale	0	0
Other assets	130,768,867	114,694,782
<b>Total assets</b>	<b>36,128,083,862</b>	<b>20,809,815,073</b>
<b>LIABILITY AND SHAREHOLDERS' EQUITY</b>		
Due to banks	21,196,600,807	15,451,958,758
Due to customers	9,270,697,190	1,738,713,836
Securities issued	3,386,758,419	1,701,830,389
Financial liabilities held for trading	640,452,044	525,616,104
Financial liabilities designated at fair value through profit or loss	745,365,388	723,728,865
Hedging derivatives	115,042,518	33,293,225
Tax liabilities	23,086,510	9,937,811
a) current	7,549,747	8,495,731
b) deferred	15,536,763	1,442,080
Liabilities associated with assets available for sale	0	0
Other liabilities	227,868,973	200,498,505

	As at 31 December	
	2012	2011
	<i>(Audited)</i> <i>(Euro)</i>	
Employee termination benefits	12,925,679	13,165,319
Provisions for risks and charges:	6,410,844	5,845,126
b) other provisions	6,410,844	5,845,126
Valuation reserves	69,056,182	(7,505,231)
Reserves	168,529,768	151,930,623
Share capital	216,913,200	216,913,200
Net Profit (Loss) for the period (+/-)	48,376,340	43,888,543
<b>Total liabilities and Shareholders' equity</b>	<b>36,128,083,862</b>	<b>20,809,815,073</b>

## Annual Non-Consolidated Income Statements of Iccrea Banca S.p.A.

	For the year ended 31 December	
	2012	2011
	<i>(Audited)</i> <i>(Euro)</i>	
Interest and similar income	443,365,843	264,271,593
Interest and similar expense	(359,593,980)	(200,015,918)
<b>Net interest income</b>	<b>83,771,863</b>	<b>64,255,675</b>
Fee and commission income	338,695,098	327,449,098
Fee and commission expense	(223,233,285)	(211,709,395)
<b>Net fees and commission income (expense)</b>	<b>115,461,813</b>	<b>115,739,703</b>
Dividends and similar income	3,266,950	4,655,506
Net gain (loss) on trading activities	17,885,978	8,443,953
Net gain (loss) on the hedging activities	428,367	502,472
Net gain (loss) on the disposal or repurchase of:	7,139,758	5,555,650
a) loans	1,722	1,301,195
b) financial assets available for sale	6,573,479	3,972,565
d) financial liabilities	564,557	281,890
Net gain (loss) on financial assets and liabilities designated at fair value through profit or loss	(8,190,032)	25,015,812
<b>Gross income</b>	<b>219,764,697</b>	<b>224,168,771</b>
Net losses/recoveries on impairment:	(4,108,536)	(3,613,067)
a) loans	(4,108,536)	263,048
b) financial assets available for sale	0	(3,876,115)
c) other financial activities	0	0
<b>Net income (loss) from financial operations</b>	<b>215,656,161</b>	<b>220,555,704</b>
Administrative expenses:	(153,498,273)	(155,965,605)
a) personnel expenses	(59,186,489)	(68,820,553)
b) other administrative expenses	(94,311,784)	(87,145,052)
Net provisions for risks and charges	(657,132)	(366,528)
Net adjustments of property and equipment	(2,764,581)	(2,487,877)
Net adjustments of intangible assets	(3,608,560)	(2,170,224)
Other operating income/expenses	22,514,455	13,496,244
<b>Operating expenses</b>	<b>(138,014,091)</b>	<b>(147,493,990)</b>
<b>Profit (Loss) before tax on continuing operations</b>	<b>77,642,070</b>	<b>73,061,714</b>
Income tax expense from continuing operations	(29,265,730)	(29,173,171)
<b>Profit (Loss) after tax on continuing operations</b>	<b>48,376,340</b>	<b>43,888,543</b>
<b>Profit (loss) after tax on non current assets in the process of being sold off</b>	<b>0</b>	<b>0</b>
<b>Net Profit (Loss) for the period</b>	<b>48,376,340</b>	<b>43,888,543</b>

## TAXATION

*The statements herein regarding taxation are based on the laws in force as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.*

### Republic of Italy

#### 1. *Tax treatment of Notes which qualify as "obbligazioni" (bonds) or "titoli similari alle obbligazioni" (securities similar to bonds)*

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

##### 1.1 *Italian resident Noteholders*

Where the Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the 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 20 per cent. In the event that the 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.

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

Under the regime provided by law-decree No. 351 of September 25, 2001 converted into law with amendments by law No. 410 of November 23, 2001, as clarified by the Agenzia delle Entrate through Circular No. 47/E of August 8, 2003, payments of interests in respect of the Notes made to Italian resident real estate investment funds established pursuant to article 37 of Legislative Decree 24 February 1998, No. 58 and article 14-bis of Law 1 January 1994, No. 86, are not subject to imposta sostitutiva. The taxation of the real estate fund has been repeatedly amended by Law Decree No. 78 of 31 May 2010 as converted, with amendments, into Law No. 122 of 30 July 2010 and by Law Decree No. 70 of 13 May 2011 as converted, with amendments, into Law No. 160 of 12 July 2011. Such new legislations have not affected the taxation of the Notes as described above.

Where the holder of the Notes is an Italian resident investment fund, interest payments relating to the Notes are not subject to imposta sostitutiva (nor to any Italian income in general). Under the tax regime applicable until 30 June 2011, Italian resident investment funds are subject to a 12.5 per cent. annual substitute tax on the year-end accrued appreciation of the managed assets. Such increase includes interest accrued on the Notes which, in turn, are not subject to the imposta sostitutiva *provided that* the Notes are deposited with an authorised intermediary. A new legislation affecting the taxation of the Italian resident investment funds has been enacted by Law Decree No. 225 of 29 December 2010 as converted, with amendments, into Law No. 10 of 26 February 2011 which came into force as of 1 July 2011. The new regime is based on incomes being taxed at the time they are realized by the investors of the funds and no longer on the year-end management result. Such reform has not affected the taxation regime of the interest payments relating to the Notes which continues not to be subject to imposta sostitutiva stated by Decree 239.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

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 Finance (each an "**Intermediary**").



An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of 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 Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

## 1.2 *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemption from the imposta sostitutiva applies *provided that* the non-Italian resident beneficial owner is:

- (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with the Republic of Italy (the "**White List States**") as listed (i) in the Italian Ministerial Decree dated 4 September 1996, as amended from time to time, or (ii) as from the fiscal year in which the decree pursuant to article 168-bis of Italian Presidential Decree of 22 December 1996, No 917 is effective, in the list of States allowing an adequate exchange of information with the Italian tax authorities as per the decree issued to implement Article 168-bis, paragraph 1 of Italian Presidential Decree of 22 December 1986, No. 917 (for the 5 years starting on the date of publication of the Decree in the Official Gazette, States and territories that are not included in the current black-lists set forth by Italian Ministerial Decrees of 4 May 1999, 21 November 2001 and 23 January 2002 nor in the current white list set forth by Italian Ministerial Decree of 4 September 1996 are deemed to be included in the new white-list); or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in the Republic of 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", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in the Republic of Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is 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, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from imposta sostitutiva. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in the Republic of Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The imposta sostitutiva will be applicable at the rate of 20 per cent to Interest paid to Noteholders who do not qualify for the exemption.

However, Noteholders who are subject to the substitute tax might be eligible for a total or partial relief under any applicable tax treaty.

## 2. *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 the production for IRAP purposes) if realised by an Italian company, 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 an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised from the sale or redemption of the Notes would be subject to an imposta sostitutiva, levied at the rate of 20 per cent. Noteholders may set off any losses with their gains.

In respect of the application of imposta sostitutiva on capital gains, taxpayers may opt for one of the three regimes described below:

- (a) Under the "tax declaration" regime (regime della dichiarazione), which is the default regime for Italian resident individuals not engaged in an 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 the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the 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 the imposta sostitutiva on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the 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 Notes (the "risparmio amministrato" regime). Such separate taxation of capital gains is allowed subject to:
  - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
  - (ii) an express election for the risparmio amministrato regime being timely made in writing by the relevant Noteholder.

The depository must account for the imposta sostitutiva in respect of capital gains realised on each sale or redemption of the Notes, net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the risparmio amministrato regime, where a sale or redemption of the Notes results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the risparmio amministrato regime, the Noteholder is not required to declare the capital gains in the annual tax return.

- (c) Under the "asset management" regime (the "risparmio gestito" regime), any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial

assets (including the Notes) to an authorised intermediary, 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 20 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Under the tax regime applicable until 30 June 2011, any capital gains realised by a Noteholder who is an Italian resident investment fund must be included in the appreciation of the managed asset to be subject to 12.5 per cent. substitute tax. A new legislation affecting the taxation of the Italian resident investment funds has been enacted by Law Decree No. 225 of 29 December 2010 as converted, with amendments, into Law No. 10 of 26 February 2011 coming into force as of July, 1st 2011. The new regime is based on incomes being taxed at the time they are realized by the investors of the funds and no longer on the year-end management result.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian 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 an 11 per cent. substitute tax.

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 or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the imposta sostitutiva. The exemption applies *provided that* the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (autocertificazione) stating that the Noteholder is not resident in the Republic of Italy for tax purposes.

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 or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the imposta sostitutiva, *provided that* the effective beneficiary is:

- (a) resident in a country which allows for a satisfactory exchange of information with the Republic of Italy;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;
- (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or

- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

If none of the conditions above is met, 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 or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the imposta sostitutiva at the current rate of 20 per cent. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

### 3. *Inheritance and gift taxes*

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

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

### 4. *Transfer tax*

Contracts relating to the transfer of securities are subject to a Euro 168 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

### 5. *EU Savings Tax Directive*

Under EU Savings Tax Directive, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity called "residual entities", within the meaning of Article 4.2. of the EU Savings Directive (the "**Residual Entities**") established in that other Member State; however, for a transitional period, Austria and Luxembourg may

instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent., unless in the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

On 10 April 2013, Luxembourg officially announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payment of interest (or similar income) as from this date.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the EU Savings Tax Directive) for, an individual resident or Residual Entities established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or Residual Entities established in one of those territories.

The European Commission has proposed certain amendments to the EU Savings Tax Directive, which may, if implemented, amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

#### **6. *Implementation in the Republic of Italy of the Savings Directive***

Italy has implemented the EU Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 ("Decree No. 84"). Decree No. 84 applies to payments of interest made by paying agents established in Italy to beneficial owners who are individuals resident in a different EU Member State or in a dependent or associated territory under the relevant international agreement (currently Jersey, Guernsey, Isle of Man, Netherlands Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla, Aruba). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, (or the territories referred to above), Italian paying agents i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic operator resident for tax purposes in Italy paying interest for professional or commercial reasons shall report to the Italian tax authorities details of the relevant payments and personal

information on the individual beneficial owner, namely: identity and residence of the beneficial owner; name and address of the paying agent; account number of the beneficial owner or, otherwise, information of the debt claim giving rise to the interest payment and amount of interest paid.

Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to certain entities established in another Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 2009/65/EC.

#### 7. *Stamp duty*

Article 13, paragraph 2 ter, of the First Part of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Stamp Duty Law**"), as amended by Law Decree No. 201 of 6 December 2011, converted into Law No. 214 of 22 December 2011, introduces a stamp duty on the value of the financial products and/or financial instruments included in the statement sent to clients as of 1 January 2012 ("**Statement Duty**"). The statement is deemed to be sent to the clients on an annual basis, irrespective of any legal or contractual obligation to do so. The Statement Duty is levied at the rate 0.15 percent (but in any case not exceeding €4,500 only for entities other than individuals). According to a literal interpretation of the amended Article 13, the Statement Duty seems to be applicable to the value of the Notes included in any statement sent to the clients, as the Notes are to be characterised for tax purposes as "financial instruments".

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or about the date hereof (the "**Dealer Agreement**") and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

**United States of America:** *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

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. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto 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.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.



## **Public offer selling restriction under the Prospectus Directive**

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, 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 (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) 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) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 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) *Other exempt offers*: 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 (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 "**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 (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

## **Selling restrictions addressing additional United Kingdom Securities Laws**

Each Dealer has represented, warranted and agreed that:

- (a) ***No deposit-taking***: in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Notes would otherwise constitute a contravention by the Issuer of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA");
- (b) ***Financial promotion***: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) ***General compliance***: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## **The Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

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

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, Legislative Decree No. 58 of 24 February 1998 and, CONSOB Regulation No. 16190 of 29 October 2007 (in each case, as amended) and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Dealer has represented and agreed that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any Resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**Resident of Japan**" shall mean any resident of Japan including any corporation or other entity organised under the laws of Japan.

## **General**

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

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall as a result of any change(s), or any change(s) in official interpretation, after the date hereof of applicable laws and regulations no longer be applicable, but without prejudice to the obligations of the Dealers described in the preceding paragraph headed "**General**" above.

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**

### **Listing and admission to trading**

Application has been made to the CSSF to approve this Base Prospectus as a base prospectus for the purposes of the Prospectus Directive and the relevant implementing measures in Luxembourg. Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

However, Notes may be issued pursuant to the Programme which will not be listed on the official list of the Luxembourg Stock Exchange or admitted to trading on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on or admitted to trading on such stock exchange as the Issuer and the relevant Dealer(s) may agree.

### **Authorisations**

The update of the Programme was authorised by the Executive Committee of the Issuer on 21 March 2013. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### **Conditions for determining price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Use of proceeds**

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer for general funding purposes. If, in respect of any particular issue, a particular use of proceeds is identified, this will be specified in the applicable Final Terms.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

## **Litigation**

The Issuer and its subsidiary is not or has not been involved in any governmental, legal, arbitration or administrative proceedings in the 12 months preceding the date of this document relating to claims or amounts which may have, or have had in the recent past, a significant effect on the Issuer's financial position or profitability and, so far as the Issuer is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

## **No material adverse change**

Since 31 December 2012 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no material adverse change in the financial condition or prospects of the Issuer or its subsidiaries.

## **No significant change**

Since 31 December 2012 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial or trading position of the Issuer and its group.

## **Auditors**

The financial statements of the Issuer have been audited without qualification for the years ended 2012 and 2011 by Reconta Ernst & Young S.p.A. of Via Po, 32, 00198 Rome, Italy, independent accountants.

## **Material Contracts**

The Issuer has not entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

## **Trend information**

Since 31 December 2012 there have been no trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects.

## **Rating Agencies**

Each of Fitch Ratings Italia S.p.A. and Standard & Poor's Credit Market Services Italy S.r.l. is established in the EEA and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

## **Minimum denomination**

Where Notes issued under the Programme are admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, such Notes will not have a denomination of less than €100,000 (or, where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

## **Documents on display**

For so long as the Programme remains in effect or any Notes are outstanding, electronic copies of the following documents may be inspected (and, in the case of (e) and (f) below, are available for collection) during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Dealer Agreement;
- (d) the Programme Manual (being a manual signed for the purposes of identification by the Issuer and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
- (e) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area or offered in the European Economic Area in circumstances where a base prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity);
- (f) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;
- (g) the By-laws of the Issuer;
- (h) the most recent publicly available audited annual non-consolidated financial statements of the Issuer; and
- (i) the most recently available unaudited interim non-consolidated financial information of the Issuer.

The Issuer does not currently publish any consolidated financial statements.

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

Certain of the Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business. The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

**REGISTERED OFFICE OF THE ISSUER**

**ICCREA Banca S.p.A**  
Via Lucrezia Romana 41/47  
00178 Rome  
Italy

**DEALERS**

**Banca IMI S.p.A.**  
Largo Mattioli, 3  
20121 Milan  
Italy

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP PARIBAS**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Limited**  
Citigroup Centre, Canada Square,  
Canary Wharf,  
London E14 5LB  
United Kingdom

**Coöperatieve Centrale Raiffeisen-  
Boerenleenbank B.A. (Rabobank  
International)**  
Croeselaan 18  
3521 CB Utrecht  
The Netherlands

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**DZ BANK AG Deutsche Zentral-  
Genossenschaftsbank, Frankfurt am Main**  
Platz der Republik  
D-60265 Frankfurt am Main  
Germany

**HSBC Bank plc**  
8 Canada Square  
London E14 5HQ  
United Kingdom

**ICCREA Banca S.p.A**  
Via Lucrezia Romana 41/47  
00178 Rome  
Italy

**Mediobanca – Banca di Credito  
Finanziario S.p.A.**  
Piazzetta E.Cuccia, 1  
20121 Milan  
Italy

**MPS Capital Services S.p.A.**  
Via Leone Pancaldo 4  
50127 Florence  
Italy

**Natixis**  
30 Avenue Pierre Mendès-France  
75013 Paris  
France



**Nomura International plc**

1 Angel Lane  
London EC4R 3AB  
United Kingdom

**Société Générale**

29 Boulevard Haussmann  
75009 Paris  
France

**Raiffeisen Bank International AG**

Am Stadtpark 9  
A-1030 Vienna  
Austria

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

**PRINCIPAL PAYING AGENT, FISCAL AGENT AND LISTING AGENT**

**BNP Paribas Securities Services, Luxembourg Branch**

33, rue de Gasperich,  
Howald-Hesperange  
Luxembourg

**LEGAL ADVISERS**

*To the Dealers  
as to English and Italian law*

**Clifford Chance Studio Legale Associato**

Piazzetta M. Bossi, 3  
20121 Milan  
Italy

*To the Issuer  
as to English and Italian law*

**Orrick, Herrington & Sutcliffe**

Piazza della Croce Rossa, 2  
00161 Rome  
Italy

**AUDITORS TO THE ISSUER**

**Reconta Ernst & Young S.p.A.**

Via Po, 32  
00198 Rome  
Italy