



**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**

This Supplement to the Base Prospectus (the "**Supplement**") constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg Law dated 10 July 2005 on prospectuses for securities (the "**Prospectus Law**") and is prepared in connection with the Base Prospectus dated 19 December 2016 (the "**Base Prospectus**") to the €3,000,000,000 Euro Medium Term Note Programme (the "**Programme**") of ICCREA Banca S.p.A. (the "**Issuer**").

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in Luxembourg, for approval of this Supplement.

This Supplement has been prepared in order to update the section in the Base Prospectus entitled "Risk Factors".

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

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

This Supplement is supplemental to, and should be read and construed in conjunction with, the Base Prospectus. Terms defined in the Base Prospectus (but not herein) shall have the same meaning when used in this Supplement.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

This Supplement may only be used for the purposes for which it has been published.

**The date of this Supplement is 3 February 2017.**

## RISK FACTORS

*The information below supplements the section in the Base Prospectus entitled "Risk Factors" on pages 1 to 18 as set out below.*

- (i) The risk factor entitled "*Changes in regulatory framework and accounting policies*" shall be supplemented with the following paragraphs to be added at the bottom of this risk factor (on page 5 of the Base Prospectus):

"Credit risk also remains a key supervisory priority for 2017 in the context of the supervisory review and evaluation process conducted by the European Central Bank. In continuation of the work commenced by the European Central Bank in 2015 and pursued in 2016 through the publication of guidance on non-performing loans ("**NPLs**") and the creation of a task force dedicated to evaluating NPLs, in support of supervisory dialogue and the exchange of information the Iccrea Banking Group has been asked to submit an operational plan by 28 February 2017, indicating strategies that the Iccrea Banking Group intends to adopt in relation to NPLs. It has also been asked to prepare a structured procedure for the exchange of information intended to provide the European Central Bank with quarterly indications of performance in risk associated with NPLs.

During 2016, both in the context of ordinary supervisory inspections and of thematic reviews of risk governance and propensity to risk, the European Central Bank also held multiple interviews with the technical and governance structures of the Iccrea Banking Group in relation to the following areas: Risk Governance and Appetite ("**RIGA**"), cyber risk ("**Cyber Risk**") and the credit process. In order to increase overall effectiveness in Iccrea Banking Group governance and adequacy processes, the Issuer has outlined and disclosed to the European Central Bank a detailed plan on areas for improvement that were identified following RIGA and Cyber Risk inspections, as notified following termination of those inspections, and has in response made specific improvements."

- (ii) The risk factor entitled "*Risk arising from the reorganisation and rationalisation of the Iccrea Banking Group pursuant to the BCC Reform Law*" shall be supplemented with the following, immediately before the paragraph beginning "*While senior management of the Issuer believes the above described reorganisation to be a positive development for the Group.....*" (on page 10 of the Base Prospectus):

"On 19 January 2017 the Issuer sent to the Bank of Italy its formal application for the role of parent company of the unified group of Cooperative Credit, accompanying its candidature with certification of its fulfilment of all necessary requirements. On this basis, in order to ensure that all targets outlined in the BCC Reform Law are achieved and in consideration of the innovative and complex nature of the project for the creation of the unified group of Cooperative Credit, the Issuer has, over the last few months, described its project to the Bank of Italy and the BCCs, through various meetings held at BCC local federations, and has defined a schedule of action for the pursuit of the project. This schedule will be based on a detailed project structure, organised into macro-areas, and the BCCs together with local and national federation professionals and the delegated technical structures will be adequately represented within the steering committee, project management team and related working groups."

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A copy of this Supplement can be obtained, without charge, at the specified office of the Issuer and/or the Fiscal Agent (see page 135 of the Base Prospectus) and is also available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).