

Base Prospectus



CASSA CENTRALE BANCA – CREDITO COOPERATIVO DEL NORD EST S.p.A.

(a company limited by shares incorporated under the laws of the Republic of Italy)

€750,000,000

Euro Medium Term Note Programme

Under the €750,000,000 Euro Medium Term Note Programme (the “**Programme**”) described in this Base Prospectus, Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A. (“**Cassa Centrale Banca**” or the “**Issuer**”) may from time to time issue certain non-equity securities (“**Notes**”) in bearer form denominated in any currency.

This Base Prospectus constitutes a base prospectus for the purposes of Article 5(4) of Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU (the “**Prospectus Directive**”), and has been approved as such by the *Commission de Surveillance du Secteur Financier* (the “**CSSF**”) in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg. The CSSF assumes no responsibility as to whether the transactions contemplated under this Base Prospectus are economic and financially appropriate or as to the quality or solvency of the Issuer.

Application has been made for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be listed on the Official List and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which 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 issued on the basis that they will: (i) be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed by the Issuer or (ii) not be admitted to listing, trading or quotation by any competent authority, stock exchange and/or quotation system.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks, see “Risk Factors” on page 7.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 20, and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each, a “**Dealer**” and, together, the “**Dealers**”). References in this Base Prospectus to the “**relevant Dealer**” shall, in the case of an issue of Notes being (or intended to be) purchased by one Dealer, be to such Dealer and, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to the lead manager of such issue.

Arranger

BANCA IMI

Dealers

Banca IMI

DZ BANK AG

Raiffeisen Bank International AG

16 December 2014

CONTENTS

Section	Page
IMPORTANT NOTICES _____	3
CERTAIN DEFINITIONS _____	4
STABILISATION _____	5
FORWARD-LOOKING STATEMENTS _____	5
MARKET SHARE INFORMATION AND STATISTICS _____	6
RISK FACTORS _____	7
INFORMATION INCORPORATED BY REFERENCE _____	19
GENERAL DESCRIPTION OF THE PROGRAMME _____	20
FORMS OF THE NOTES _____	25
TERMS AND CONDITIONS OF THE NOTES _____	29
FORM OF FINAL TERMS _____	61
OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM _____	76
DESCRIPTION OF THE ISSUER _____	80
OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER _____	99
TAXATION _____	103
SUBSCRIPTION AND SALE _____	111
GENERAL INFORMATION _____	114

IMPORTANT NOTICES

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

Each Tranche (as defined herein) of Notes will be issued on the terms set out herein under "Terms and Conditions of the Notes" (the "**Conditions**"), together with a document specific to such Tranche called final terms (the "**Final Terms**"). This Base Prospectus must be read and construed together with any supplements hereto and with any information incorporated by reference herein and, in relation to any Tranche of Notes, must be read and construed together with the relevant Final Terms. The Issuer accepts responsibility for the information contained in the Final Terms for each Tranche of Notes issued under the Programme.

The Issuer has confirmed to the Dealers named under "*Subscription and Sale*" below that this Base Prospectus (including, for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme, 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 or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

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.

Neither the Dealers nor any of their respective affiliates have authorised the whole or any part of this Base Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of information contained in this Base Prospectus. The Dealers accept no liability in relation to this Base Prospectus or any document forming part of this Base Prospectus or the distribution of any such document or with regard to any other information supplied by or on behalf of the Issuer.

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 amended or supplemented by a supplement or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented by a supplement 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.

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 the offering, sale and delivery 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*" below. 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 should not 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), prospects and credit-worthiness of the Issuer.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €750,000,000 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 and publication of a supplement to this Base Prospectus.

Notes issued pursuant to the Programme may be rated or unrated. The Final Terms (as defined herein) will disclose any rating(s) assigned to any particular Notes issued under the Programme. 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. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. The Final Terms relating to rated Notes will disclose whether or not each credit rating applied for in relation to relevant Series of Notes will be (1) issued by a credit rating agency established in the EEA and registered (or which has applied for registration and not been refused) under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**"), or (2) issued by a credit rating agency which is not established in the EEA but endorsed by a credit rating agency which is established in the EEA and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the EEA but which is certified under the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency falling under one of the above categories. Any credit rating agency registered under the CRA Regulation will be entered on the list of registered credit rating agencies maintained by the European Securities and Markets Authority, which may be consulted on the following page on its website:

<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs#>

* * *

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

CERTAIN DEFINITIONS

In this Base Prospectus, unless otherwise specified or where the context requires otherwise:

- (i) references to "**billions**" are to thousands of millions;
- (ii) "**Clearstream, Luxembourg**" means Clearstream Banking, société anonyme, Luxembourg;

- (iii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;
- (iv) references to "**€**", "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (v) "**Euroclear**" means Euroclear Bank S.A./N.V.;
- (vi) "**ICSDs**" means Clearstream, Luxembourg and Euroclear;
- (vii) "**IFRS**" means International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 and related transitional regulations in Italy;
- (viii) The "**Issuer**" means Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A.; and
- (ix) references to a "**Member State**" are to a Member State of the European Economic Area.

STABILISATION

In connection with the issue of any Tranche of Notes under the Programme, the Dealer (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation 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. Such stabilising shall be conducted in accordance with all applicable laws, regulations and rules.

FORWARD-LOOKING STATEMENTS

A forward-looking statement is a statement which does not relate to historical facts and events but which is based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. Forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases. This applies, in particular, to statements containing information on future earning capacity, plans and expectations regarding a company's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

Any forward-looking statements in this Base Prospectus are based on current estimates and assumptions that the Issuer makes to the best of its present knowledge. These forward-looking statements are subject to risks, uncertainties and other factors which could cause actual results, including the Issuer's financial condition and results of operations, to differ materially from and be worse than results that have expressly or implicitly been assumed or described in these forward-looking statements. The Issuer's business is also subject to a number of risks and uncertainties that could cause any forward-looking statement, estimate or prediction in this Base Prospectus to become inaccurate. Factors that could cause actual results, performance or achievements to differ materially

include, but are not limited to, those discussed in “*Risk Factors – Risk factors that may affect the Issuer’s ability to fulfil its obligations under the Notes*”.

In the light of these risks, uncertainties and assumptions, any future events described in this Base Prospectus may not occur. In addition, the Issuer assumes no obligation, except as required by law, to update any forward-looking statement, whether as a result of new information, future events or otherwise, or to conform these forward-looking statements to actual events or developments.

MARKET SHARE INFORMATION AND STATISTICS

This Base Prospectus contains information and statistics which are derived from, or are based upon, the Issuer’s analysis of data obtained from ISTAT (*Istituto Nazionale di Statistica* or the Italian National Institute of Statistics). Such information has been reproduced accurately in this Base Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by ISTAT, no facts have been omitted which would render such reproduced information inaccurate or misleading.

RISK FACTORS

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these risk factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which 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 matters 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. In addition, the order in which the risk factors are presented below is not intended to be indicative of the relative likelihood that they will materialise or of the magnitude of their potential impact on the business, financial condition or results of operations of the Issuer.

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.

Risk 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 general economic conditions, in particular in the Republic of Italy and the EU

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 the network of Italian co-operative banks (“BCCs”). The BCCs' asset quality is exposed to domestic economic weakness through the composition of their loan portfolio, mainly to small enterprises. 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, which provide for a minimum ratio of total capital to risk adjusted assets expressed as a percentage. At least half of the total capital of a bank must be maintained in the form of Tier I capital, consisting primarily of the bank's share capital, retained earnings and disclosed reserves, as well as hybrid instruments issued by it that are considered sufficiently loss-absorbent on a going concern basis. The Issuer's failure to maintain its capital ratios may result in administrative actions or sanctions against it which may have an impact on the Issuer's financial condition and results of operations.

Risks concerning liquidity

The Issuer's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil commitments to lend. In order to ensure that the Issuer continues to meet its funding obligations and to maintain or grow its business generally, it relies on deposits from BCCs, as well as ongoing access to the wholesale lending markets. The ability of the Issuer to access wholesale funding sources on favourable economic terms is dependent on a variety of factors, including a number of factors outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system. The global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in further reductions in inter-bank lending and the level of confidence from banks' customers, which can affect BCC deposits. Should the Issuer be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Issuer's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

Changes in interest rates

Changes in interest rate levels may affect the interest rate margin realised between lending and borrowing costs. The Issuer earns interest from loans and other assets and pays interest to its depositors and other creditors. The Issuer's results of operations are therefore dependent to a great extent on its net interest income, which is the difference between the yield on its interest-bearing assets and the cost of its interest-bearing liabilities. This varies according to prevailing interest rates and is a significant factor in determining the profitability of the Issuer. Reductions in interest rates or compression of the interest rate spread may result in a decrease in the amount of net interest income generated by the Issuer and its net interest income, either or both of which could have a material adverse effect on the business, results of operations and financial condition of the Issuer and its ability to fulfil its payment obligations under the Notes.

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

Credit risk

The Issuer is exposed to potential losses linked to credit risk, in connection with the granting of financing, commitments, credit letters, derivative instruments, currency transactions and other kinds of transactions. Credit risk typically resides in the assets of the banking book (loans and bonds held to maturity). The risk for banks in issuing loans is that the borrowers will not repay the amount that is owed in the time and on the terms specified under the loan agreement. If enough customers defaulted on their loans, the Issuer could find itself in a serious financial predicament. The loss could be complete or partial and could arise in a number of circumstances, e.g. failure to make a payment due from a consumer or a business on a mortgage loan, credit card, line of credit or other loans. With reference to the Issuer's sovereign exposure, the loss can occur when a government becomes unwilling or unable to meet its loan obligations. Any deterioration of the borrower's creditworthiness and financial standing, or of the performance of loans and other receivables, as well as any incorrect assessment of creditworthiness or country risks may have a material adverse effect on the Issuer's business, financial condition and results of operations, since these assets must be written off (in whole or in part). Credit risk is present in both the traditional on-balance sheet uncollateralised and collateralised lending business and off-balance sheet business, for example when extending credit by means of a bank guarantee.

The Issuer monitors credit quality, manages specific risk of each counterparty and assesses the overall risk of the respective loan portfolios, and it will continue to do so. However, the market volatility and the prolonged economic slowdown could adversely affect the Issuer's ability to keep the Issuer's exposure to credit risk at acceptable levels.

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 have a material adverse effect on 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 including, in recent years, the sovereign debt crisis in the Eurozone. Credit quality has generally declined, as reflected by downgrades suffered by several countries in the Eurozone, including Italy, 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.

Operational risk

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

Changes in regulatory framework

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, such as the following:

- Between December 2010 and December 2011, the Basel Committee on Banking Supervision issued documents containing a capital and liquidity reform package (the "**Basel III proposals**") to replace the existing EU directives on capital requirements. 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;
 - non-recognition or phasing-out of recognition of certain existing capital instruments, such as Common Equity Tier I Capital, Additional Tier I Capital or Tier II Capital, in force since 1 January 2014;
 - 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;
 - promotion of stronger provisioning practices mainly by moving towards a forward looking (expected loss) provisioning approach; 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 have been implemented by way of the Capital Requirements Directive 2013/36/EU (known as CRD IV) and the Capital Requirements Regulation (EU) No 575/2013 which came into force following their adoption in June 2013. Full implementation began on 1 January 2014, with some elements to be phased in over a period of time. The requirements should be largely fully effective by 2019 and some minor transitional

provisions provide for phase-in by 2024 but it is possible that in practice implementation under national laws will take longer.

- In June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms, resulting in the adoption of Directive 2014/59/EU (the Bank Recovery and Resolution Directive or "**BRRD**"). The stated aim of the BRRD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses, including the so-called "bail-in" tool, as described in further details under "*Risks relating to the Notes - The Bank Recovery and Resolution Directive may affect Notes issued under the Programme*". Member States of the European Union are required to implement the BRRD under national legislation no later than 1 January 2015, except for the bail-in tool, which is to be applied from 1 January 2016.

Significant uncertainty remains around the implementation of some of these initiatives and how they are ultimately applied may have a material effect on the Issuer's business and operations. As this new framework of banking laws and regulations is still in the process of being implemented, the manner in which they 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 restrict the operations of the Issuer or otherwise have an adverse effect on its business, financial condition, cash flows and results of operations or on the rights of Noteholders as creditors 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.

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 the 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 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 or regulatory 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 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 addition, if in the case of a particular Series of Subordinated Notes, the relevant Final Terms so specify, the Issuer may, at its option, redeem those Notes for regulatory reasons, as described in further detail in "*- Regulatory classification of Subordinated Notes*" below. 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.

Fixed Rate Notes

A holder of Fixed Rate Notes is exposed to the risk that the price of those Notes falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of Fixed Rate Notes is fixed during the life of such Notes or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such Notes moves in the opposite direction. If the Market Interest Rate increases, the price of such Notes typically falls, until the yield of such Notes is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of Fixed Rate Notes typically increases, until its yield is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

Floating Rate Notes

Notes with variable interest are subject to fluctuations in interest rate levels and can be volatile investments. In particular, there is no assurance that the amount of interest payable on such Notes will remain at any particular level (unless it is subject to a floor). Furthermore, if they are structured to include caps or floors, or a combination of both or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

CMS Linked Interest Notes

The Issuer may issue Notes with interest determined by reference to a constant maturity swap rate (defined as the "CMS Rate" in "*Terms and Conditions of the Notes*"). Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) the CMS Rate may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (iv) If they are structured to include caps or floors, or a combination of both or other similar related features, the effect of changes in the CMS Rate on interest payable is likely to be magnified; and
- (v) the timing of changes in the CMS Rate may affect the actual yield to investors, even if the average level is consistent with their expectations.

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 to Floating Rate Notes or Floating to Fixed Rate Notes

Fixed to Floating Rate Notes may bear interest at a rate which, either at the Issuer's election or otherwise, is converted from a fixed rate to a floating rate or, in the case of Floating to Fixed Rate Notes, from a floating rate to a fixed rate. The resetting of the interest rate is likely to affect the market value of those Notes, since it may result in a lower rate, especially where resetting occurs at the Issuer's option. If resetting from a fixed rate to a floating rate occurs, the spread on the Fixed to 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 resetting from a floating rate to a fixed rate occurs, the fixed rate may be lower than then prevailing rates of the Issuer's other Fixed Rate 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.

Ranking of 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.

As a result, 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. In addition, the market price of Subordinated Notes may be more volatile than the market prices of unsubordinated debt securities and may be more sensitive generally to adverse changes in the financial condition of the Issuer.

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

Regulatory classification of Subordinated Notes

Although the intention of the Issuer is for Subordinated Notes to qualify on issue as Tier II Capital, current regulatory practice by the Bank of Italy does not require (or customarily provide) a confirmation prior to issuance that any Subordinated Notes will be treated as such. Even if those Notes qualify as Tier II Capital, there can be no representation that this is or will remain the case during the life of the Notes or that they will be grandfathered under the implementation of future EU capital requirement regulations. If those Notes cease to qualify as Tier II Capital, either in whole or in part, the Issuer will (if so specified in the relevant Final Terms) have the right to redeem the Notes in accordance with Condition 10(c) (*Redemption and Purchase – Redemption for regulatory reasons*). See also “- *Redemption for tax or regulatory reasons*” above.

The Bank Recovery and Resolution Directive may affect Notes issued under the Programme.

As described in “- *Changes in regulatory framework*” above, the Bank Recovery and Resolution Directive gives wide powers to governments aimed at addressing banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. These include the so-called “bail-in tool”, by which resolution authorities would have the power to write down the claims of senior unsecured creditors of a failing institution (which could include holders of Senior Notes) and its subordinated creditors (including holders of Tier 2 instruments, such as the Subordinated Notes, and non-common Tier 1 securities) and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail in tool).

In addition to the general bail-in tool, the BRRD provides for resolution authorities to have the further power to write-down permanently or convert into equity capital instruments such as Subordinated Notes at the point of non-viability of the financial institution and before any other resolution action is taken (“non-viability loss absorption”). Any shares issued to holders of Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool. For the purposes of the application of any non-viability loss absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down or converted or extraordinary public support is to be provided.

Except for the senior debt bail-in tool (which is expected to be implemented by 1 January 2016), it is currently contemplated that the measures set out in the BRRD (including the power of the authorities to write off non-common Tier 1 and Tier 2 capital) will be implemented in Member States with effect from 1 January 2015. The powers set out in the BRRD will have a significant impact on how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Once the BRRD is implemented, holders of Senior Notes and Subordinated Notes may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of Subordinated Notes, non-viability loss absorption, which may result in such holders losing some or all of their investment. The exercise of any power under the BRRD or any suggestion of such

exercise could, therefore, materially adversely affect the rights of Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

Denominations and restrictions on exchange for Definitive Notes

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

Risks related to Notes generally

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

Meetings of Noteholders

The Agency Agreement contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including modifications to the terms and conditions relating to the Notes. As summarised in Condition 17(a) (*Meetings of Noteholders*) of the Terms and Conditions of the Notes, these provisions permit defined majorities at those meetings to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the relevant proposal. Possible modifications to the Notes approved by meetings of Noteholders include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions. Any such modification may have an adverse impact on Noteholders' rights and on the market value of the Notes

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the “**Savings Tax Directive**”) on the taxation of savings income, 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 paying agent (within the meaning of the Savings Tax Directive) within its jurisdiction to, or collected by such a paying agent (within the meaning of the Savings Tax Directive) for, an individual resident or certain limited types of entity 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 rates rising over time to 35 per cent. unless, in the case of Luxembourg, the beneficial owner of the interest payments opts for one of the two optional information exchange procedures available (although in April 2013 Luxembourg announced that it intended to abolish the withholding system with effect from 1 January 2015 in favour of automatic exchange of information). If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note in order to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders would receive as a result of the imposition of such withholding tax.

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. 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, in the case of Switzerland, a withholding system). In addition, on 24 March 2014 the Council of the European Union adopted Directive 2014/48/EU amending the Savings Tax Directive which broadens the scope of the requirements described above. Member States are required to implement national legislation giving effect to these changes by 1 January 2016. That domestic legislation must be applied from 1 January 2017. The changes made under the new Directive include extending the scope of the Savings Tax Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest. Investors who are in any doubt as to their position should consult their professional advisers.

Withholding under U.S. Foreign Account Tax Compliance Act

Certain non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all or a portion of payments made after 31 December 2016 pursuant to the U.S. Foreign Account Tax Compliance Act ("**FATCA**"). Whilst the Notes are held through the ICSDs, in all but the most remote circumstances, it is not expected FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than an ICSD) in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payments to any ultimate investor that is a financial institution not entitled to receive payments free of withholding under FATCA or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives a payment) with any information, forms or other documentation or consents that may be necessary for the payments to be made free of FATCA withholding.

Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any local law intended to implement an inter-governmental agreement, if applicable) and provide each custodian or intermediary with any information, forms or other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligation under the Notes is discharged once it has paid the ICSDs and the Issuer therefore has no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them.

Change of law

The Terms and 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 in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Base Prospectus.

Reliance on Euroclear and Clearstream, Luxembourg

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 (as the case may be) 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 or to the order of the common depositary or common safekeeper (as the case may be) 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.

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. In addition, the Notes might not be listed on a stock exchange or admitted to trading on any securities market or other trading facility and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market price of the Notes may be adversely affected.

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 at all.

Credit ratings may not reflect all risks

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:

- 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;
- 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

- 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. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation.

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.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Base Prospectus:

1. the audited non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013; and
2. the audited non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2012,

in each case, together with the accompanying notes and auditor's reports.

Any statement contained in this Base Prospectus or in any of the above documents incorporated by reference in this Base Prospectus shall be deemed to be modified or superseded by any statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive.

The financial statements referred to above are available both in the original Italian and in English. Only the English language versions are incorporated by reference in, and form part of, this Prospectus. The English language versions are direct translations from the Italian language documents but, in the event of any inconsistencies or discrepancies between the Italian and English language versions, the original Italian versions will prevail.

The Issuer will provide, without charge to each person to whom a copy of this Base Prospectus has been delivered, upon the request of such person, a copy of any or all the documents deemed to be incorporated by reference herein unless such documents have been modified or superseded as specified above, in which case the modified or superseded version of such document will be provided. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Base Prospectus. In addition such documents will be available, without charge, at the specified office of the Paying Agent in Luxembourg and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Cross-reference list

The following table shows where to find the information in the above-mentioned documents that is required to be disclosed under Annex IX, paragraph 11.1 of Commission Regulation (EC) No. 809/2004 implementing the Prospectus Directive, as amended ("PD Regulation").

Annual financial statements

	Page number(s)	
	2013	2012
Statement of financial position	107 – 108	105
Statement of income	109	106
Statement of comprehensive income	110	107
Statement of changes in equity	111 – 112	108 – 109
Cash flow statement	113 – 114	110 – 111
Accounting policies and explanatory notes	118 – 330	114 – 311
Independent auditors' reports	101 – 103	99 – 101

Information contained in the documents incorporated by reference other than the information listed in the cross-reference list above is considered additional information and is not required by the relevant schedules of the PD Regulation.

GENERAL DESCRIPTION OF THE PROGRAMME

The following 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" below or elsewhere in this Base Prospectus shall have the same meanings in this description.

Issuer:	Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A.
Arranger:	Banca IMI S.p.A.
Dealers:	Banca IMI S.p.A. DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Raiffeisen Bank International 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.
Fiscal Agent:	The Bank of New York Mellon
Luxembourg Listing Agent:	The Bank of New York Mellon (Luxembourg) S.A.
Approval, Listing and Admission to Trading:	This Base Prospectus has been approved by the CSSF as a base prospectus pursuant to the Prospectus Directive. Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading (as the case may be) on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes 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 €750,000,000 (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 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, the Interest Commencement Date, the Issue Price and the amount and the date of the first payment of interest may be different in respect of different Tranches and each Tranche may comprise Notes of different denominations.

Final Terms:	Notes issued under the Programme will be issued pursuant to this Base Prospectus and associated Final Terms. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes, together with the relevant Final Terms.
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 not specified in the relevant Final Terms as a New Global Note will be deposited on or around the relevant issue date with a depositary or a common depositary 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 will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. 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. For further information, see the section of this Base Prospectus entitled “<i>Forms of the Notes</i>”.
Currencies:	Notes may be denominated in euro 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. See Condition 4 (<i>Status of Senior Notes</i>) and Condition 5 (<i>Status of Subordinated Notes</i>). (1) Status of Senior Notes: Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

(2) Status of Subordinated Notes:

Subordinated Notes will constitute direct and unsecured obligations of the Issuer, which are subordinated as described in Condition 5(c) (*Winding-up, etc of the Issuer*) and rank *pari passu* without any preference among themselves.

In the event of the winding up, dissolution, liquidation or bankruptcy (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 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.

Issue Price:

Notes may be issued at any price, as specified in the relevant Final Terms.

Maturities:

Any maturity or no fixed maturity date, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Unless otherwise permitted by current laws, regulations, directives and/or the requirements of the Regulatory Authority (which, as at the date of this Base Prospectus, is the Bank of Italy) applicable to the issue of Subordinated Notes by the Issuer, Subordinated Notes must have an original maturity of at least five years. If Subordinated Notes have an indefinite maturity, they may be redeemable only after five years' prior notice given to Noteholders, subject in any event to the prior authorisation of the Regulatory Authority.

Where Notes have a maturity 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 Financial Services and Markets Act 2000 by the Issuer.

Redemption:

Subject to any purchase and cancellation or early redemption or repayment, the Notes will be redeemable at par.

Optional Redemption:	Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Notes only) the Noteholders to the extent (if at all) specified in the relevant Final Terms. If the Notes are Subordinated Notes, the Optional Redemption Date (Call) must not be earlier than five years after the Issue Date. In addition, early redemption of Subordinated Notes at the option of the Issuer is subject to prior approval of the Regulatory Authority.
Tax or Regulatory Redemption:	Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons or, in the case of Subordinated Notes, for regulatory reasons and in any event subject to the prior approval of the Regulatory Authority, as described in Conditions 10(b) (<i>Redemption for tax reasons</i>) and 10(c) (<i>Redemption for regulatory reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a combination of the two and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
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 issued under the Programme will be €100,000 (or, where the Notes are denominated in a currency other than euro, the equivalent amount in such other currency).
Negative Pledge:	The Notes will not have the benefit of a negative pledge.
Cross Default:	The Senior Notes will have the benefit of a cross default as described in Condition 13 (<i>Events of Default</i>).
Taxation:	All payments in respect of Notes will be made free and clear of withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer will (subject to the exceptions set out in Condition 12 (<i>Taxation</i>)) 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 been required.

As more fully set out in Condition 12 (*Taxation*), the Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes, including circumstances where any payment, withholding or deduction is required:

- (i) pursuant to Decree No. 239 on account of Italian substitute tax, as defined therein in relation to interest or premium payable on, or other income deriving from, the Notes; and
- (ii) by the provisions of U.S. federal income tax law commonly referred to as the U.S. Foreign Account Tax Compliance Act (or FATCA) as a result of a holder, a beneficial owner or an intermediary that is not an agent of the Issuer not being entitled to receive payments free of FATCA withholding.

Governing Law:

The Notes and any non-contractual obligations arising out of or in connection with them will be governed by English law, except for Conditions 5 (*Status of Subordinated Notes*), 10(h) (*Redemption of Subordinated Notes*) and 13(b) (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising out of or in connection with such Conditions, which will be governed by 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 16 December 2014, 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. 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.

Selling Restrictions:

For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States of America, the United Kingdom, Italy, France and Japan, see "*Subscription and Sale*" below.

FORMS OF THE NOTES

Introduction

Each Tranche of Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without interest coupons, or a permanent global note (the “**Permanent Global Note**”), without interest 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 and/or Clearstream, Luxembourg and/or any other relevant clearing system. 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.

Eurosystem eligibility

Notes in NGN form are intended to be in a form that allows such Notes to be in compliance with requirements for their recognition as eligible collateral for monetary policy and intra-day credit operations of the central banking system for the euro (the “**Eurosystem**”), subject to certain other criteria being fulfilled (including denomination in euro and listing on an EU regulated market or on a non-regulated market accepted by the European Central Bank).

TEFRA

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 specify 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 interest coupons, interests in which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest 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 specify “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 13 (*Events of Default*) occurs.

Save as set out below, where interests in the Permanent Global Note are exchangeable for Definitive Notes, such Notes may only be issued in denominations which are integral multiples of their 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 (1) a minimum denomination of €100,000, plus (2) 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 Note. 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.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify 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 interest 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 specify 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 interest 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.

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

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 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.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Final Terms specify 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 interest 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 specify “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 13 (*Events of Default*) occurs.

Save as set out below, where interests in the Permanent Global Note are exchangeable for Definitive Notes, such Notes may only be issued in denominations which are integral multiples of their 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 (1) a minimum denomination of €100,000, plus (2) 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 Note. 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.

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.

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 “Overview 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, together with 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 "Overview of Provisions relating to the Notes while in Global Form" below.

1. Introduction

- (a) **Programme:** Cassa Centrale Banca - Credito Cooperativo del Nord Est S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €750,000,000 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**") and the terms and conditions applicable to any such Tranche are these terms and conditions (the "**Conditions**"), together with 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 amended and restated issue and paying agency agreement dated 16 December 2014 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon 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 appointed from time to time in connection with the Notes (together with the Fiscal Agent, the "**Paying Agents**").
- (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 its 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) 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. Interpretation

- (a) **Definitions:** In these Conditions the following expressions have the following meanings:
 - "**Accrual Yield**" means the amount specified as such 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;

“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, means one or more of the conventions set out below and specified as being applicable to that date in the relevant Final Terms and, if so specified, may mean different conventions 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) and/or such other amount(s) as may be specified in the relevant Final Terms;

“Calculation Amount” means the amount specified as such in the relevant Final Terms;

"Capital Adequacy 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 Regulatory 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);

"CMS Rate" means 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 Relevant 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 United States 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;

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

"CRR" means Regulation No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended and supplemented from time to time, including any successor regulations;

"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:

- (i) if **"Actual/Actual (ICMA)"** is so specified, means:
 - (A) 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
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins, divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
 - (2) 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 (b) the number of Regular Periods in any year;
- (ii) if **"Actual/365"** or **"Actual/Actual (ISDA)"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

- (iii) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360, 360/360**” or “**Bond Basis**” is specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 D₁ is greater than 29, in which case D₂ will be 30”;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“**D₂**” 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 D₂ will be 30; and

- (vii) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” 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 D₁ will be 30; and

“**D₂**” 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 Maturity Date or (ii) such number would be 31, in which case D₂ 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;

“**Decree No. 239**” means Legislative Decree No. 239 of 1 April 1996 and related regulations of implementation, as amended, supplemented and/or re-enacted from time to time;

“**Deed of Covenant**” means the deed of covenant dated 16 December 2014 relating to the Notes executed by the Issuer, as amended or supplemented from time to time;

“**Designated Maturity**” means the period or periods specified as such in the relevant Final Terms;

“**Early Redemption Amount (Regulatory Event)**” means in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented by such Note, as specified in the relevant Final Terms;

“**Early Redemption Amount (Tax)**” means, in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented by such Note, as specified in the relevant Final Terms;

“**Early Termination Amount**” means, in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented by such Note, as specified in the relevant Final Terms;

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

“**Final Redemption Amount**” means, in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented

by such Note, as specified in the relevant Final Terms, subject in each case to any early redemption, repayment, purchase and/or cancellation;

"Fixed Coupon Amount" means the amount specified as such in the relevant Final Terms;

"Fixed Rate" means, in respect of any Inverse Floating Rate Notes, the rate of interest expressed as a percentage per annum and specified as such in the relevant Final Terms;

"Fixed Rate Interest Period(s)" means:

- (i) in the case of Fixed to Floating Rate Notes:
 - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Interest Commencement Date to, but excluding, the Switch Date; or
 - (B) if the relevant Final Terms specify more than one Switch Date:
 - (1) the period from, and including, the Interest Commencement Date to, but excluding, the first Switch Date; and
 - (2) each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date; or
- (ii) in the case of Floating to Fixed Rate Notes:
 - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Switch Date to, but excluding, the Maturity Date; or
 - (B) if the relevant Final Terms specify more than one Switch Date:
 - (1) the period from, and including, the first Switch Date to, but excluding, the second Switch Date; and
 - (2) following the second Switch Date, each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date;

"Fixed Rate Note Provisions" means the provisions contained in Condition 6 (*Fixed Rate Note Provisions*);

"Floating Rate Interest Period(s)" means:

- (i) in the case of Floating to Fixed Rate Notes:
 - (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Interest Commencement Date to, but excluding, the Switch Date; or
 - (B) if the relevant Final Terms specify more than one Switch Date:
 - (1) the period from, and including, the Interest Commencement Date to, but excluding, the first Switch Date; and
 - (2) each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date; or
- (ii) in the case of Fixed to Floating Rate Notes:

- (A) if the relevant Final Terms specify only one Switch Date, the period from, and including, the Switch Date to, but excluding, the Maturity Date; or
- (B) if the relevant Final Terms specify more than one Switch Date:
 - (1) the period from, and including, the first Switch Date to, but excluding, the second Switch Date; and
 - (2) following the second Switch Date, each subsequent period (if any) from, and including, the next but one Switch Date to, but excluding, the next following Switch Date or (where applicable) the Maturity Date;

"Floating Rate Note Provisions" means the provisions contained in Condition 7 (*Floating Rate and Inverse Floating Rate Note Provisions*);

"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 for 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 of 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" means the date or dates specified as such 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;

"Inverse Rate" means:

- (i) if Screen Rate Determination is specified in the relevant Final Terms as the manner in which it is to be determined, the Reference Rate (or, where applicable, the arithmetic mean thereof) determined in accordance with Condition 7(c) (*Screen Rate Determination*); or
- (ii) if ISDA Determination is specified in the relevant Final Terms as the manner in which it is to be determined, the ISDA Rate determined in accordance with Condition 7(d) (*ISDA Determination*);

"ISDA Definitions" means 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" means the date specified as such in the relevant Final Terms;

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

"Margin" means an amount expressed as a percentage, as specified in the relevant Final Terms;

"Material Subsidiary" means, at any time, any Subsidiary whose gross revenues or total assets (consolidated with its own Subsidiaries, if any) represent 10 per cent. or more of the gross revenues or (as the case may be) total assets of the Issuer, as shown in or determined by reference to the most recent annual financial statements of such Subsidiary and the Issuer's most recent audited annual financial statements, in each case on a non-consolidated or, if applicable, consolidated basis;

"Maturity Date" means the date specified as such in the relevant Final Terms;

"Maximum Redemption Amount" means, in respect of any Note, an amount specified as such in the relevant Final Terms;

"Minimum Redemption Amount" means, in respect of any Note, an amount specified as such in the relevant Final Terms;

"Optional Redemption Amount (Call)" means, in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented by such Note, as specified in the relevant Final Terms;

"Optional Redemption Amount (Put)" means, in respect of any Note, (i) its principal amount or (ii) such other amount expressed as an amount due in respect of each Calculation Amount represented by such Note, as specified in the relevant Final Terms;

"Optional Redemption Date (Call)" means the date or dates specified as such in the relevant Final Terms;

"Optional Redemption Date (Put)" means the date or dates specified as such 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;

"Permitted Reorganisation" means:

- (i) in the case of a Material Subsidiary, a reconstruction, amalgamation, reorganisation, merger or consolidation whilst solvent, whereby the assets and undertaking of such Material Subsidiary are transferred to or otherwise vested in the Issuer and/or one or more other Subsidiaries of the Issuer; or
- (ii) in the case of the Issuer, a reconstruction, amalgamation, reorganisation, merger or consolidation whilst solvent with another body corporate, where all of the following conditions are fulfilled:
 - (A) upon completion of such transaction, the body corporate having the obligations as Issuer under the Notes (the **"Surviving Entity"**):
 - (1) is a body corporate in good standing, validly organised, existing and operating as a bank under the laws of the Republic of Italy;
 - (2) continues to carry on all or substantially all of the business of the Issuer; and
 - (3) holds all or substantially all of the assets held by the Issuer before such transaction;
 - (B) both before and after completion of such transaction, none of the events set out in Condition 13(a)(ii) (*Events of default*) has occurred and is continuing or would thereupon occur;
 - (C) where any credit ratings have been assigned to the Issuer and/or the Notes, the relevant credit rating agencies have confirmed to the Issuer or the Surviving Entity that, after giving effect to such transaction, the Surviving Entity and/or the Notes will continue to have the same credit ratings as those assigned to them immediately prior to the transaction;
 - (D) where a competent authority, stock exchange or quotation system has admitted the Notes to listing, trading and/or quotation, the appropriate competent authority, stock exchange and/or quotation system has confirmed to the Issuer or the Surviving Entity that, after giving effect to such transaction, the Notes will continue to be so admitted to listing, trading and/or quotation;

- (E) a certificate of solvency of the Surviving Entity, signed by a duly authorised legal representative of the Surviving Entity has been delivered to the Fiscal Agent;
- (F) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes, the Deed of Covenant and the Agency Agreement represent valid, legally binding and enforceable obligations of the Surviving Entity have been taken, fulfilled and done and are in full force and effect; and
- (G) the Surviving Entity has obtained opinions from lawyers of international standing as to matters of Italian law confirming as follows:
 - (1) fulfilment of the condition in paragraph (F) above (subject to all applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally);
 - (2) that the Surviving Entity is validly incorporated under the laws of Italy with power and capacity to assume and perform the obligations under the Notes, the Deed of Covenant and the Agency Agreement; and
 - (3) that the Surviving Entity has obtained all necessary approvals and consents (including governmental and regulatory consents) for the assumption and performance of such obligations,

and from lawyers of recognised standing as to matters of English law confirming the matters set out in (1) above, all such opinions to be made available to Noteholders at the Specified Offices of the Fiscal Agent,

and, following any such Permitted Reorganisation, any reference in these Conditions to the "**Issuer**" shall be a reference to the Surviving Entity, with effect from the date on which the Permitted Reorganisation becomes effective;

"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 Communities 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;

"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 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), the 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 in respect of the Notes;

"Reference Banks" means four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

"Reference Currency" means the currency specified as such in the relevant Final Terms;

"Reference Price" means the amount specified as such in the relevant Final Terms;

"Reference Rate" means, as specified in the relevant Final Terms, the deposit rate, the interbank rate, the swap rate or bond yield, as the case may be, which appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

"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 Authority" means the Bank of Italy or other governmental authority in Italy (or other country in which the Issuer is then domiciled having supervisory powers over the Issuer) or any European Union or other supranational authority having responsibility for regulating the Issuer in its capacity as a financial and/or credit institution;

"Regulatory Event" means any change in Capital Adequacy Regulations or any change in their official application or interpretation, in each case occurring after the date of issue of the first Tranche of the relevant Series of Notes, as a result of which the relevant Subordinated Notes cease to qualify either in whole or in part as Tier II Capital of the Issuer;

"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" means the city or cities or other geographical area or areas specified as such in the relevant Final Terms;

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) 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 United States 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" means the time specified as such 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" has the meaning given to it in the Agency Agreement and includes 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;

"Reset Date" means the date or dates specified as such in the relevant Final Terms;

"Senior Notes" means Notes specified as such in the relevant Final Terms;

"Specified Currency" means the currency specified as such in the relevant Final Terms;

"Specified Denomination(s)" means an amount of the Specified Currency specified as such in the relevant Final Terms, subject to a minimum denomination of €100,000 (or its equivalent in other currencies as at the Issue Date);

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

"Specified Period" means the period specified as such in the relevant Final Terms;

"Subordinated Notes" means Notes specified as such in the relevant Final Terms, being Notes intended to qualify as Tier II Capital for regulatory capital purposes in accordance with Article 63 of CCR;

"Subsidiary" means, in relation to any Person (the **"first Person"**) at any particular time, any other Person which is controlled by the first Person in accordance with Article 2359, first paragraph, Nos. 1), 2) and 3) and second paragraph of the Italian Civil Code;

"Switch Date(s)" means:

- (i) where the Switch Option is not applicable, the date or dates that are specified as such in the relevant Final Terms; and
- (ii) where the Switch Option is applicable, the date or dates that are specified as such in the relevant Final Terms and in respect of which the Issuer has given notice of exercise of the relevant Switch Option to Noteholders at a date on which it was entitled to do so pursuant to Condition 8(e) (*Resetting at the option of the Issuer*) and in accordance with Condition 19 (*Notices*);

"Switch Option" means, if specified as applicable in the relevant Final Terms, the option of the Issuer, at its sole discretion, on one or more occasions and subject to the provisions of Condition 8(e) (*Resetting at the option of the Issuer*) to change the interest provisions applicable to the Notes from the Fixed Rate Note Provisions to the Floating Rate Note Provisions or *vice versa*;

"Talon" means a talon for further Coupons;

"TARGET2" means the Trans-European Automated real-time Gross Settlement Express Transfer payment system utilising a single shared platform and launched on 19 November 2007;

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

"Tier II Capital" has the meaning given to it by (i) the Regulatory 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 and in force from time to time, as applicable;

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

"TUB" means the *Testo Unico Bancario* or Legislative Decree No. 385 of 1 September 1993, as amended or supplemented from time to time, including any successor legislation; and

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

(b) **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 12 (*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 12 (*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;
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to be specified or indicated in the relevant Final Terms, but the relevant Final Terms gives no such indication or specification or specifies that such expression is **"not applicable"** then such expression is not applicable to the Notes; and
- (viii) any reference to the Deed of Covenant or the Agency Agreement shall be construed as a reference to the Deed of Covenant or, as the case may be, the Agency Agreement as amended and/or supplemented up to and including the Issue Date of 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 of the Senior Notes:** The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer present and future (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application).

5. **Status of Subordinated Notes**

- (a) **Application:** This Condition 5 (*Status of Subordinated Notes*) is applicable only to Subordinated Notes.
- (b) **Status of Subordinated Notes:** The Subordinated Notes constitute direct and unsecured obligations of the Issuer subordinated as described below in Condition 5(c) (*Winding-up, etc. of the Issuer*) and 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. of the Issuer:** In the event of the winding up, dissolution, liquidation or bankruptcy (including *Liquidazione Coatta Amministrativa*) of the Issuer, the payment obligations of the Issuer under each Series of Subordinated Notes and the relative Coupons 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.

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 11 (*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 (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 seven 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, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. 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.

7. Floating Rate Note and Inverse Floating Rate Note Provisions

- (a) **Application:** This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Inverse Floating 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 11 (*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 seven 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:**
 - (i) *Floating Rate Notes other than CMS Linked Interest Notes:* If, in the relevant Final Terms, Screen Rate Determination is specified 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, then the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (A) 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;
 - (B) 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;
 - (C) 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:
 - (1) request the principal Relevant Financial Centre office of each 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
 - (2) determine the arithmetic mean of such quotations; and

- (D) 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.

- (ii) *CMS Linked Interest Notes:* If, in the relevant Final Terms, Screen Rate Determination is specified as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is specified as the Reference Rate, then 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.

- (d) **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.
- (e) **Inverse Floating Rate Notes:** The Rate of Interest in respect of Inverse Floating Rate Notes for each Interest Period shall be determined by subtracting the Inverse Rate from the Fixed Rate and, for this purpose, all references in this Condition 7 to the sum of:
 - (i) the Reference Rate (or its arithmetic mean) or the ISDA Rate; and
 - (ii) the Margin,
 shall be read as references to the difference between the Fixed Rate and the Inverse Rate obtained pursuant to this Condition 7(e).
- (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, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. 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.
- (h) **Calculation of other amounts:** If the relevant Final Terms specify that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Final Terms.
- (i) **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) without notice 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.

- (j) **Notifications etc:** All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 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. **Fixed to Floating Rate or Floating to Fixed Rate Note Provisions**

- (a) **Application:** This Condition 8 (*Fixed to Floating Rate or Floating to Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed to Floating Rate Note Provisions or the Floating to Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) **Fixed to Floating Rate Note Provisions:** If the Fixed to Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, then:
 - (i) the Fixed Rate Note Provisions shall apply to the Notes initially upon issue and in respect of the Fixed Rate Interest Period(s); and
 - (ii) the Floating Rate Note Provisions shall apply in respect of the Floating Rate Interest Period(s).
- (c) **Floating to Fixed Rate Note Provisions:** If the Floating to Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, then:
 - (i) the Floating Rate Note Provisions shall apply to the Notes initially upon issue and in respect of the Floating Rate Interest Period(s); and
 - (ii) the Fixed Rate Note Provisions shall apply in respect of the Fixed Rate Interest Period(s).
- (d) **Scheduled resetting:** If the Final Terms do not specify that the Switch Option is applicable, then the resetting of interest pursuant to this Condition 8 shall take effect on each Switch Date without any requirement to give notice or other formality (but without prejudice, if applicable, to Condition 7(i) (*Publication*)).
- (e) **Resetting at the option of the Issuer:** If the Final Terms specify that the Switch Option is applicable, then:
 - (i) the Issuer may, on one or more occasions, as specified in the relevant Final Terms, give notice to the Noteholders of the resetting of interest applicable to the Notes from the Fixed Rate Note Provisions to the Floating Rate Note Provisions or *vice versa*;
 - (ii) provided that notice is given to Noteholders not less than 30 nor more than 60 days prior to the relevant Switch Date, such notice will be irrevocable and binding on both the Issuer and the Noteholders and will take effect:
 - (A) where only one Switch Date is specified in the relevant Final Terms, from (and including) the Switch Date to (but excluding) the Maturity Date; or
 - (B) where more than one Switch Date is specified in the relevant Final Terms, from (and including) the relevant Switch Date to (but excluding) the next following Switch Date; and

- (iii) if, in relation to a date specified in the Final Terms as a Switch Date, the Switch Option is not exercised in accordance with this Condition 8(e), then such date will be deemed not to be a Switch Date for the purposes of these Conditions and the interest provisions applicable prior to such date shall continue to apply.

9. **Zero Coupon Note Provisions**

- (a) **Application:** This Condition 9 (*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 seven 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).

10. **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 Condition 11 (*Payments*) and, in the case of Subordinated Notes, subject to Condition 10(h) (*Redemption of Subordinated Notes*).
- (b) **Redemption for tax reasons:** The Notes may be redeemed at the option of the Issuer (subject in the case of Subordinated Notes, to Condition 10(h) (*Redemption of Subordinated Notes*)) in whole, but not in part:
 - (i) at any time if neither the Floating Rate Note Provisions nor the Inverse Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable on the date set for redemption; or
 - (ii) on any Interest Payment Date if either the Floating Rate Note Provisions or the Inverse Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable on the date set for redemption,

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 12 (*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, 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:

- (1) where the Notes may be redeemed at any time, 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; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before 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 or procure that there is delivered to the Fiscal Agent (1) a certificate signed by a duly authorised 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 (2) 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 10(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(b).

(c) ***Redemption for regulatory reasons:***

- (i) *Application:* This Condition 10(c) is applicable only to Subordinated Notes and only if this Condition 10(c) is specified as being applicable in the relevant Final Terms.
- (ii) *Redemption:* Upon occurrence of a Regulatory Event, subject to Condition 10(h) (*Redemption of Subordinated Notes*), the Notes may be redeemed at the option of the Issuer, in whole, but not in part:
 - (A) at any time if neither the Floating Rate Note Provisions nor the Inverse Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable on the date set for redemption; or
 - (B) on any Interest Payment Date if either the Floating Rate Note Provisions or the Inverse Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable on the date set for redemption,

on giving not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to the Fiscal Agent and, in accordance with Condition 19 (*Notices*), the Noteholders.

Prior to the publication of any notice of redemption pursuant to this Condition 10(c), the Issuer shall deliver or procure that there is delivered to the Fiscal Agent a certificate signed by a duly authorised legal representative of the Issuer stating a Regulatory Event has occurred and describing the facts giving rise to such circumstances, and such certificate 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 10(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 10(c), at the Early Redemption Amount (Regulatory Event) specified in the relevant Final Terms, together (if applicable) 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 be redeemed at the option of the Issuer (subject, in

the case of Subordinated Notes, to Condition 10(h) (*Redemption of Subordinated Notes*)) 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 10(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 competent 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 10(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 be less than the minimum so specified.
- (f) **Redemption at the option of Noteholders:**
 - (i) **Application:** This Condition 10(f) (*Redemption at the option of Noteholders*) is applicable only if the Put Option is specified in the relevant Final Terms as being applicable but in any event does not apply to Subordinated Notes.
 - (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 10(f), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit during normal business hours at the Specified Office of 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 10(f), 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 10(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (g) **No other redemption:** The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to (f) (*Redemption at the option of Noteholders*) above.

- (h) **Redemption of Subordinated Notes:** Notwithstanding the foregoing provisions of this Condition 10:
- (i) *Minimum period:* Subordinated Notes shall have a Maturity Date and, if applicable, an Optional Redemption Date (Call) falling not less than five years after the Issue Date, as provided under CRR;
 - (ii) *Indefinite maturity:* where Subordinated Notes have an indefinite maturity but are subject to redemption at the option of the Issuer, such Notes may only be redeemed by the giving of five years' notice from the Issuer to Noteholders;
 - (iii) *Regulatory approval:* to the extent required by Capital Adequacy Regulations, redemption of any Series of Subordinated Notes shall be subject to prior approval of the Regulatory Authority; and
 - (iv) *No default:* failure to redeem any such Notes where such approval has not been granted shall not constitute a default for any purpose.
- (i) **Early redemption of Zero Coupon Notes:** 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 Final Terms for the purposes of this Condition 10(i) or, if none is so specified, a Day Count Fraction of 30E/360.

- (j) **Purchase:** The Issuer or any of its Subsidiaries may (but, in the case of Subordinated Notes, subject (if required) to consent thereto having been obtained from the Regulatory Authority) at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.
- (k) **Cancellation:** All Notes so redeemed or purchased and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

11. 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 11(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 Condition 11(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 (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 or otherwise imposed pursuant to Sections 1471 through 1474 of that Code, any regulations or agreements thereunder, official interpretations thereof or any law implementing an intergovernmental approach thereto. 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 specify 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 Condition 11(a) (*Principal*) against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) **Unmatured Coupons void:** If and to the extent that the relevant Final Terms specify that the Floating Rate Note Provisions or the Inverse Floating Rate Note Provisions are applicable, on

the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 10(b) (*Redemption for tax reasons*), Condition 10(c) (*Redemption for regulatory reasons*), Condition 10(d) (*Redemption at the option of the Issuer*), Condition 10(f) (*Redemption at the option of Noteholders*) or Condition 13 (*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 by Condition 11(c) (*Payments in New York City*) above).
- (i) **Partial payments:** If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) **Exchange of Talons:** On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 14 (*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.

12. Taxation

- (a) **Gross up:** 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 whatsoever nature imposed, levied, collected, withheld or assessed 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. In that event, 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; or
 - (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) in relation to any payment or deduction on any interest, principal or other proceeds on account of Italian substitute tax (at the then applicable rate of tax), 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 and trusts, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian resident entities pursuant to Decree No. 239; or
 - (v) in all circumstances in which the requirements and procedures set forth in Decree No. 239 in order to benefit from a tax exemption have not been met or complied with, except where the Noteholder or any person acting under its instructions has not been able to comply with such requirements as a result of any actions or omissions on the part 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 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; or
 - (ix) by or on behalf of a Noteholder who is entitled to avoid such deduction or withholding by making a declaration of residence or non-residence or other substantially similar claim but fails to do so; or
 - (x) in respect of Notes that are classified as atypical securities where such withholding or deduction is required pursuant to Law Decree No. 512 of 30 September 1983, as amended, supplemented and/or re-enacted from time to time.
- (b) **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 the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.
- (c) **FATCA:** For the avoidance of doubt, the Issuer will have no obligation to pay additional amounts in respect of the Notes for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service) if withholding is imposed under those rules as a result of the failure by any person other than the Issuer or any of its agents to establish that they are able to receive payments free of such withholding.
13. **Events of Default**
- (a) **Events of Default of Senior Notes**
- (i) *Application:* This Condition 13(a) (*Events of Default of Senior Notes*) is applicable only to Senior Notes.

- (ii) *Events of Default:* If any of the following events occurs:
- (A) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes for more than three TARGET Settlement Days from the due date for payment or any amount of interest in respect of the Notes within five TARGET Settlement Days from the due date for payment; or
 - (B) *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, the Deed of Covenant 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 or to the Specified Office of the Fiscal Agent; or
 - (C) *Cross-default of Issuer or Material Subsidiary:*
 - (1) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or
 - (2) any Indebtedness of the Issuer or any of its Material Subsidiaries becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of default (howsoever described) of the Issuer or such Material Subsidiary of the Issuer; or
 - (3) the Issuer or any of its Material 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-paragraphs (1) and/or (2) and/or the amount payable under any Guarantee referred to in sub-paragraph (3) above individually or in the aggregate exceeds €20,000,000 (or its equivalent in any other currency or currencies); or
 - (D) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount in excess of €20,000,000 (or its equivalent in any other currency or currencies) is or are rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date(s) therein specified for payment; or
 - (E) *Security enforced:* a secured party takes possession of, or a receiver, manager or other similar officer is appointed in respect of, the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries and such secured party, receiver, manager or similar officer is not discharged within 45 days; or
 - (F) *Insolvency etc:* (1) the Issuer or any of its Material Subsidiaries is or becomes bankrupt, insolvent or unable to pay its debts as they fall due or is adjudicated by a competent court to be bankrupt or insolvent, or (2) an administrator or liquidator is appointed in respect of the Issuer or any of its Material Subsidiaries or the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries (or application for any such appointment is made) or (3) the Issuer or any of its Material Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes 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 (4) the Issuer or any of its Material Subsidiaries becomes subject to an order for *Liquidazione Coatta Amministrativa* pursuant to Article 80 *et. seq.* of the TUB or *Amministrazione Straordinaria* pursuant to Article 70 *et. seq.* of the TUB (within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings in any other jurisdiction to which the Issuer or any of its Material Subsidiaries is subject; or

- (G) *Cessation of business*: the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business for any reason, except for the purpose of or as part of a Permitted Reorganisation; or
- (H) *Winding up, etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries, except for the purpose of or as part of a Permitted Reorganisation; or
- (I) *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 (D) (*Unsatisfied judgement*) to (H) (*Winding up, etc*) above; or
- (J) *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 (i) 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 Deed of Covenant and the Agency Agreement, and (ii) to ensure that those obligations are legal, valid, binding and enforceable is not taken, fulfilled or done,

then any holder of a Note may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare any Note held by such holder to be 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

- (i) *Application*: This Condition 13(b) (*Events of Default of Subordinated Notes*) is applicable only to Subordinated Notes.
- (ii) *Enforcement*: Without prejudice to Condition 13(b)(iii) (*Events of Default*), any holder of Subordinated Notes may institute proceedings to enforce any obligation, condition or provision binding on the Issuer under such Notes *provided that* the Issuer shall not by virtue of any such proceedings, other than proceedings for the dissolution, liquidation or winding-up of the Issuer or any proceedings which under the laws of Italy have an analogous effect to any of the foregoing, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (iii) *Events of Default*: If any of the following events occurs:
 - (A) *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 as part of a Permitted Reorganisation; or

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

then any holder of a Note may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare any Note held by such holder to be 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.

- (iv) *No other remedy*: Subject to applicable laws, no remedy against the Issuer (including the exercise of any right of set-off or any analogous event) other than as specifically provided under this Condition 13(b) (*Events of Default - Subordinated Notes*) shall be available to holders of any of the Subordinated Notes whether for the recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the Issuer of any of its obligations in relation to the Subordinated Notes or otherwise.

14. **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.

15. **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 competent 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 competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent 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.

16. **Agents**

In acting under the Agency Agreement and in connection with the Notes and the 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 of the Noteholders or Couponholders.

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 it maintains a Paying Agent in an EU member state who 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 of (i) the Republic of Italy and (ii) any other taxing jurisdiction to which the Issuer becomes subject; and
- (e) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent 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 competent 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.

17. **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 two or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two 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 two 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.

18. **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, the Interest Commencement Date and/or the first payment of interest) so as to form a single series with the Notes.

19. **Notices**

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper having general circulation in Europe (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, in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*)

or on the website of that exchange (*www.bourse.lu*). 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.

20. **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.

21. **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.

22. **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, and shall be construed in accordance with, English law, except for Conditions 5 (*Status of Subordinated Notes*), 10(h) (*Redemption of Subordinated Notes*) and 13(b) (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising out of or in connection with such Conditions, which shall be governed by and 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) **Process agent:** The Issuer agrees that the documents which start any proceedings relating to a Dispute ("**Proceedings**") and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, London Branch at 150 Cheapside, London EC2V 6ET 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 appoint a further Person in England to accept service of process on its behalf. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Notes will be in the following form, duly completed to reflect the particular terms of the relevant Notes and their issue.

Final Terms dated []

CASSA CENTRALE BANCA - CREDITO COOPERATIVO DEL NORD EST S.p.A.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the

€750,000,000

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 set forth in the Base Prospectus dated 16 December 2014 [and the supplement[s] to the Base Prospectus dated []], which [together] constitute[s] a base prospectus for the purposes of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the relevant 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 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 [as so supplemented]. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address].]

(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 guidance 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 Base Prospectus under Article 16 of the Prospectus Directive.)

1. (i) Series Number: []

(ii) Tranche Number: []

2. If the Notes are fungible with an existing Series:

(i) Details of existing Series: [The Notes are to be consolidated and form a single Series with [identify earlier Tranches] issued by the Issuer on [issue dates of earlier Tranches] (the “**Existing Notes**”) / Not Applicable]

- (ii) Date on which the Notes will be consolidated and form a single Series: [Issue Date / Upon exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 (*Form of Notes*) below, which is expected to occur not earlier than [date] (the “**Exchange Date**”) / Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
- (i) Series: []
- (ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*if applicable*)]
6. (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 []]
- (The minimum denomination of Notes will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency as at the Issue Date).)
- (ii) 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.)
7. (i) Issue Date: []
- (ii) Interest Commencement Date (if different from the Issue Date): [Specify/Issue Date/Not Applicable]
8. Maturity Date: [The Interest Payment Date falling in or nearest to] [] (*For Floating Rate Notes or Inverse Floating Rate Notes, specify the Interest Payment Date falling in or nearest to the relevant month and year. Otherwise, specify a date.*)

(Unless otherwise permitted by current laws, or regulations and/or Bank of Italy requirements, Subordinated Notes must have a minimum maturity of five years.)

(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 Financial Services and Markets Act 2000 must be available.)

9. Interest Basis: []% Fixed Rate]
 [[Specify reference rate] +/- []% Floating Rate]
 [Inverse Floating Rate]
 [Fixed to Floating Rate]
 [Floating to Fixed Rate]
 [Zero Coupon]
 (further particulars specified in paragraph [13/14/15/16/17/18] below)
10. Change of Interest Basis: [Applicable (see paragraph [13 (*Fixed to Floating Rate Note Provisions*) / 14 (*Floating to Fixed Rate Note Provisions*))] / Not Applicable]
11. Put/Call Options: [Investor Put
 (further particulars specified in paragraph 21 below)] /
 [Issuer Call
 (further particulars specified in paragraph 19 below)] /
 [Not Applicable]
12. Status of the Notes: [Senior / Subordinated] Notes

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. **Fixed to Floating Rate Note Provisions** [Applicable. See also paragraphs 15 (*Fixed Rate Note Provisions*) and 16 (*Floating Rate Note Provisions*) / Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Switch Option: [Applicable/Not Applicable]

- (ii) Switch Date(s): [Subject to exercise of the Switch Option,] []
(Insert dates(s))
(Delete the reference to the Switch Option if sub-paragraph (i) above is not applicable)
- 14. Floating to Fixed Rate Note Provisions:** [Applicable. See also paragraphs 15 (*Fixed Rate Note Provisions*) and 16 (*Floating Rate Note Provisions*) / Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Switch Option: [Applicable/Not Applicable]
- (ii) Switch Date(s): [Subject to exercise of the Switch Option,] []
(Insert dates(s))
(Delete the reference to the Switch Option if sub-paragraph (i) above is not applicable)
- 15. Fixed Rate Note Provisions** [Applicable / [Applicable in respect of the Fixed Rate Interest Period[s] (*Only use this wording if the Fixed to Floating or Floating to Fixed Rate Note Provisions apply*)] / Not Applicable]
(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]
- (ii) Interest Payment Date(s): [] in each year [adjusted in accordance with the Business Day Convention] (*N.B. This will need to be amended in the case of any long or short coupons*)
- (iii) Business Day Convention: [Floating Rate Convention/FRN Convention/ Eurodollar Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No adjustment]
- (iv) Additional Business Centre(s): [Not Applicable / Applicable *indicate relevant city/cities*]
- (v) Fixed Coupon Amount(s): [] per Calculation Amount

(vi) Day Count Fraction:	[Actual/Actual (ICMA)]/ [Actual/365]/[Actual/ Actual (ISDA)]/ [Actual/365 (Fixed)]/ [Actual/360]/ [30/360]/[360/360]/[Bond Basis]/ [30E/360]/[Eurobond Basis]/ [30E/360 (ISDA)]
(vii) Broken Amount(s)	[[] per Calculation Amount, payable on [the Interest Payment Date falling in] [] / Not Applicable]
16. Floating Rate Note Provisions	[Applicable / [Applicable in respect of the Floating Rate Interest Period[s] <i>(Only use this wording if the Fixed to Floating or Floating to Fixed Rate Note Provisions apply)</i>] / Not Applicable] <i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Specified Period(s):	[Not Applicable / <i>(Specify period)</i>] <i>("Specified Period" and "Interest Payment Dates" are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")</i>
(ii) Interest Payment Dates:	[Not Applicable / <i>(Specify dates)</i>] <i>("Specified Period" and "Interest Payment Dates" are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable". Otherwise, specify the dates.)</i>
(iii) Business Day Convention:	[Floating Rate Convention/FRN Convention/ Eurodollar Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No adjustment]
(iv) Additional Business Centre(s):	[Not Applicable / <i>(indicate relevant city/cities)</i>]
(v) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ ISDA Determination]

- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): ☐ [Name] shall be the Calculation Agent / Not Applicable
(Specify "Not Applicable" if the Fiscal Agent is to perform this function)
- (vii) Screen Rate Determination: ☐ [Applicable / Not Applicable] (If not applicable, delete the remaining text of this subparagraph (vii).)
- Reference Rate: ☐ (Specify reference rate. For example, LIBOR, EURIBOR or CMS Rate)
 - Relevant Screen Page: ☐ (Specify screen page. For example, Reuters page EURIBOR 01)

☐ (Where the CMS Rate is the Reference Rate, specify relevant screen page and any applicable headings and captions)
 - Interest Determination Date(s): ☐ ☐

☐ (Where the CMS Rate is the Reference Rate and the Reference Currency is euro): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]

☐ (Where the CMS Rate is the Reference Rate and the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]
 - Relevant Time: ☐ ☐
(For example, 11.00 a.m. London time/Brussels 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))
 - [Reference Currency:] ☐ ☐
(only relevant where the CMS Rate is the Reference Rate)
 - [Designated Maturity:] ☐ ☐
(only relevant where the CMS Rate is the Reference Rate)
- (viii) ISDA Determination: ☐ [Applicable / Not Applicable] (If not applicable, delete the remaining text of this subparagraph (viii).)
- Floating Rate Option: ☐ ☐

– Designated Maturity:	[]
– Reset Date:	[]
(ix) Margin(s):	[+/-][] per cent. per annum
(x) Minimum Rate of Interest:	[Not Applicable / [] per cent. per annum]
(xi) Maximum Rate of Interest:	[Not Applicable / [] per cent. per annum]
(xii) Day Count Fraction:	[Actual/Actual (ICMA)]/ [Actual/365]/[Actual/ Actual (ISDA)]/ [Actual/365(Fixed)]/ [Actual/360]/ [30/360]/[360/360]/[Bond Basis]/ [30E/360]/[Eurobond Basis]/ [30E/360 (ISDA)]
17. Inverse Floating Rate Note Provisions	[Applicable / Not Applicable]
	<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i>
(i) Specified Period(s):	[] <i>(“Specified Period” and “Interest Payment Date” are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert “Not Applicable”)</i>
(ii) Interest Payment Dates:	[] <i>(If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert “Not Applicable”)</i>
(iii) Business Day Convention:	[Floating Rate Convention/FRN Convention/ Eurodollar Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ No adjustment]
(iv) Additional Business Centre(s):	[Not Applicable / indicate relevant city/cities]
(v) Fixed Rate:	[] per cent.
(vi) Manner in which the Inverse Rate is to be determined:	[Screen Rate Determination/ ISDA Determination]

- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): *[[Name] shall be the Calculation Agent / Not Applicable] (Specify "Not Applicable" if the Fiscal Agent is to perform this function)*
- (viii) Screen Rate Determination: *[Applicable / Not Applicable] (If not applicable, delete the remaining text of this subparagraph (viii).)*
- Reference Rate: *(Specify reference rate. For example, LIBOR, EURIBOR or CMS Rate)*
 - Relevant Screen Page: *(Specify screen page. For example, Reuters page EURIBOR 01)*
(Where the CMS Rate is the Reference Rate, specify relevant screen page and any applicable headings and captions)
 - Interest Determination Date(s): *[]*
(Where the CMS Rate is the Reference Rate and the Reference Currency is euro): [Second day on which the TARGET2 System is open prior to the start of each Interest Period]
(Where the CMS Rate is the Reference Rate and the Reference Currency is other than euro): [Second [specify type of day] prior to the start of each Interest Period]
 - Relevant Time: *[]*
(For example, 11.00 a.m. London time/Brussels 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))
 - [Reference Currency:] *[]*
(only relevant where the CMS Rate is the Reference Rate)
 - [Designated Maturity:] *[]*
(only relevant where the CMS Rate is the Reference Rate)
- (ix) ISDA Determination: *[Applicable / Not Applicable] (If not applicable, delete the remaining text of this subparagraph (ix).)*
- Floating Rate Option: *[]*

- Designated Maturity: []
- Reset Date: []
- (x) Minimum Rate of Interest: [Not Applicable / [] per cent. per annum]
- (xi) Maximum Rate of Interest: [Not Applicable / [] per cent. per annum]
- (xii) Day Count Fraction: [Actual/Actual (ICMA)]/
[Actual/365]/[Actual/ Actual (ISDA)]/
[Actual/365 (Fixed)]/
[Actual/360]/
[30/360]/[360/360]/[Bond Basis]/
[30E/360]/[Eurobond Basis]/
[30E/360 (ISDA)]

18. Zero Coupon Note Provisions

[Applicable/Not Applicable]

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

- (i) [Amortisation/ Accrual] Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Day Count Fraction: [30E/360]/[Eurobond Basis]
[Actual/Actual (ICMA)]/
[Actual/365]/[Actual/Actual (ISDA)]/
[Actual/365 (Fixed)]/
[Actual/360]/
[30/360]/[360/360]/[Bond Basis]/
[30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

19. Call Option

[Applicable/Not Applicable]

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

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

(If the Notes are Subordinated Notes, the Optional Redemption Date (Call) must not be earlier than five years after the Issue Date.)
- (ii) Optional Redemption Amount(s) (Call): [] per Calculation Amount
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [] per Calculation Amount

- (b) Maximum Redemption Amount: [] per Calculation Amount
20. **Regulatory Call** [Condition 10(c) is applicable / Not Applicable]
(Insert "Not applicable" if the Notes are not Subordinated Notes.)
21. **Put Option** [Applicable/Not Applicable]
(Insert "Not Applicable" if the Notes are Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph.)
- (i) Optional Redemption Date(s) (Put): []
- (ii) Optional Redemption Amount(s) (Put): [] per Calculation Amount
22. **Early Redemption Amount / Early Termination Amount**
- Early Redemption Amount(s) of each Note payable on redemption for taxation or regulatory reasons or Early Termination Amount on event of default (if required or if different from that set out in the Conditions): [Not Applicable / [] per Calculation Amount]
(Select "Not Applicable" if the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory Event) and the Early Termination Amount are the principal amount of the Notes. Otherwise, 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

23. Form of Notes: [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.]]
 [Temporary Global Note exchangeable for Definitive Notes on [] days' notice.]
 [Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note.]
24. New Global Note: [Yes/No]

25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable / indicate relevant city/cities] *(Note that this item relates to the date and place of payment, and not interest period end dates, to which items 15(iv), 16(iv) and 17(iv) relate.)*
26. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [No / Yes, if the [Temporary/Permanent] Global Notes is exchanged for Definitive Notes on or before [relevant Interest Payment Date].]
- (Select "Yes" if the Notes have more than 27 coupon payments, in which case the "relevant date" will be the 27th Interest Payment Date prior to the final Interest Payment Date.)*

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [Official List of the Luxembourg Stock Exchange / [] (specify other place of listing) / Not Applicable]
- (ii) Admission to trading: [Application [has been/is expected to be] made for the Notes to be admitted to trading [on the regulated market of the Luxembourg Stock Exchange / [] (specify other securities market)] with effect from [].] / [Not Applicable.]
- [The Existing Notes are already admitted to trading on the [regulated market of the Luxembourg Stock Exchange / [] (specify other securities market).] (Insert wording in this second sub-paragraph only if the Notes are fungible with an existing Series and are admitted to trading on a securities market.)
- (iii) Estimate of total expenses related to admission to trading: [Specify amount] / [Not Applicable] (Specify “Not Applicable” only if the Notes are not being admitted to trading on any EEA regulated market.)

2. RATINGS

- Ratings: (Insert the following paragraph where the Notes are to be specifically rated.)
- [The Notes to be issued [have been/are expected to be] rated as follows:
- [Moody's: []]
- [[Other]: []]]
- (Insert the following paragraph where the Notes are not to be specifically rated)]
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [Moody's: []]
- [[Other]: []]]
- [Name of rating agency/ies] [is/are] established in the EEA and registered under Regulation (EU) No. 1060/2009, as amended (the “**CRA Regulation**”)

The European Securities and Markets Authority

("ESMA") is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation, which can be viewed at the following address:

<http://www.esma.europa.eu/page/List-registered-and-certified-CRAs#>

This list must be updated by ESMA within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation.

3. AUTHORISATIONS

[Date [Board] approval for issuance of Notes obtained:

[] [and []], respectively]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Not Applicable / (give details)]

(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 Dealers and save as discussed in the section of the Base Prospectus entitled "General Information", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.")

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

5. YIELD

Indication of yield:

[Not Applicable / (insert percentage)]

(State "Not Applicable" if the Notes are not Fixed Rate Notes.)

6. THIRD PARTY INFORMATION

[Not Applicable / [] has been extracted from []. 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 [], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

7. DISTRIBUTION

(i) Method of distribution: [Syndicated/Non-syndicated]

(ii) If non-syndicated, name of Dealer: [Not applicable/give name]

- | | | |
|-------|---|---|
| (iii) | If syndicated, names of Managers: | [Not applicable/ <i>give names</i>] |
| (iv) | Name of Stabilisation Manager(s)
(if any): | [Not Applicable/ <i>give name</i>] |
| (v) | U.S. selling restrictions: | Reg. S compliance category [1/2/3];
TEFRA [C/D/not applicable] |

8. ISIN AND COMMON CODE

[The notes have the following temporary ISIN and temporary common code assigned to them:

Temporary ISIN: []

Temporary Common Code: []

The Notes are to be consolidated and form a single series with the Existing Notes on the Exchange Date, following which the Notes will have the same ISIN and common code assigned to the Existing Notes, namely:]

[The Notes are to be consolidated and form a single series with the Existing Notes immediately upon issue and, accordingly, will have the same ISIN and common code assigned to the Existing Notes, namely:]

(Select as applicable or delete both of the above options if the Notes are not fungible with an existing Series.)

ISIN: []

Common Code: []

9. OTHER OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility: [Not Applicable/Yes/No]

[Note that the designation “Yes” simply means that the Notes are intended upon issue to be deposited with Euroclear or Clearstream, Luxembourg 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 satisfaction of the Eurosystem eligibility criteria.] *(Include this text if “Yes” selected, in which case the Notes must be issued in NGN form.)*

[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 Euroclear or Clearstream, Luxembourg 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.]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s):

[Not Applicable/*give name(s), address(es) and number(s)*]

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

[]

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 depositary or a common depositary (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 depositary or common depositary 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 seven 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.

If:

- (a) a Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London 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. (London time) on the thirtieth 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. (London time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (London time) on such thirtieth day (in the case of (b) above) or at 5.00 p.m. (London 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 16 December 2014 (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.

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 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.

If:

- (a) Definitive Notes have not been delivered by 5.00 p.m. (London time) on the thirtieth 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. (London time) on such thirtieth day (in the case of (a) above) or at 5.00 p.m. (London time) on such due date (in the case of (b) above) and the bearer of the Permanent Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under the 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.

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 same is noted in 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 10(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 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 10(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).

Noteholders' meetings: Notwithstanding Condition 17(a) (*Meetings of Noteholders*) and as provided under the Agency Agreement, so long as at least the relevant fraction of the aggregate principal amount of the outstanding Notes that constitutes a quorum is represented by a Global Note, a single proxy representing the holder thereof shall be deemed to be two Persons for the purpose of forming a quorum.

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 or safekeeper 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.

Notices: Notwithstanding Condition 19 (*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

depository or a common depository 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 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, except that so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and it is a requirement of applicable law or regulations, such notices shall 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).

DESCRIPTION OF THE ISSUER

Introduction

The Issuer is based in the city of Trento in north-eastern Italy and provides a wide range of services to co-operative banks, including the participation in syndicated loans and the provision of advisory services to co-operative banks on the granting of loans to their clients, the management of assets, the provision of access to bond and equity markets and of securities, clearing, custody and cash management services, as well as the provision of advisory services on risk and strategic management.

Such services are provided primarily to the co-operative banks located in the Autonomous Province of Trento and in the regions of Veneto and Friuli Venezia Giulia. However, since 2002, the Issuer has extended the geographical area of its operations, providing specific services also to co-operative banks located in other Italian regions. As at 31 December 2013, more than 170 co-operative banks were benefiting from at least one of the services provided by the Issuer.

History

The Issuer is incorporated under the laws of Italy as a company limited by shares (*società per azioni*) and is registered at the Companies' Registry (*Registro delle Imprese*) of the Chamber of Commerce of Trento, Italy, under registration number 00232480228. It is also on the register of banks (*albo delle banche*) held by the Bank of Italy under number 3599. The Issuer's registered office and headquarters are at Via Segantini 5, 38122 Trento, Italy and its telephone number is +39 0461 313111.

The Issuer was originally incorporated on 28 February 1974 with the name "Cassa Centrale delle Casse Rurali Trentine" as the central bank for co-operative banks operating in the Autonomous Province of Trento, who were its founding shareholders. In December 2002, the Issuer's share capital was increased with the relevant shares subscribed by co-operative banks operating in the regions of Veneto and Friuli-Venezia Giulia. The Issuer's name was subsequently changed to "Cassa Centrale delle Casse Rurali Trentine e delle Banche di Credito Cooperativo del Nord Est S.p.A.". The Issuer's current name was adopted by a resolution passed at an extraordinary shareholders' meeting in 2007, which also re-organised the governance of the Issuer and following which the Issuer became part of the banking group "Gruppo Bancario Cassa Centrale Banca" (the "**Group**").

Duration and Corporate Objects

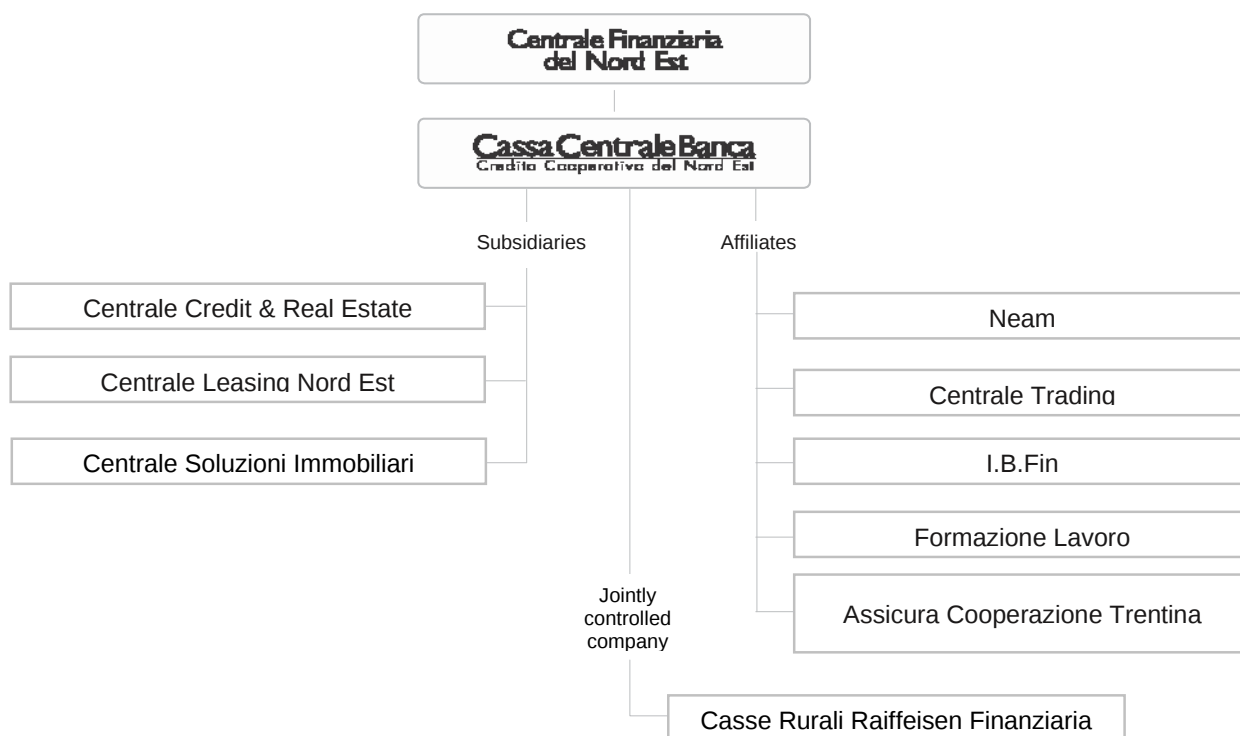
Under the Issuer's By-laws (*Statuto*), the Issuer's duration is until 31 December 2050, which term may be extended by a resolution passed at an extraordinary shareholders' meeting of the Issuer.

The principal objects of the Issuer under its By-laws are the promotion and support of activities of its co-operative bank shareholders, providing services, advisory services and financial resources, and also contributing to the economic development of the territories in which such co-operative banks operate. In compliance with applicable laws and necessary authorisations, the Issuer may perform any banking or financial services or activities, including any transaction which is necessary for, or connected with, the achievement of the Issuer's corporate object. The Issuer may issue bonds, subject to compliance with the applicable regulatory provisions.

Group Structure

The Issuer is 68.607% owned by Centrale Finanziaria del Nord Est S.p.A. (“**Centrale Finanziaria**”), which is the parent company of the Group, and the Issuer is therefore subject to the management and coordination of that company. As the Issuer is not the parent company of the Group, it does not prepare consolidated statements.

The following diagram sets out the structure of the Group.



In the Issuer's financial statements as at and for the year ended 31 December 2013 the company Casse Rurali Raiffeisen Finanziaria S.p.A. is classified as a 'Jointly controlled company' (whereas it was classified as a 'Company under significant influence' in the Issuer's financial statements as at and for the year ended 31 December 2012). The change has no impact on the Issuer's financial statements, since the company is not consolidated.

In February 2014 Centrale Soluzioni Immobiliari S.r.l. was incorporated as a wholly owned subsidiary of the Issuer, with a share capital of Euro 50,000. The company's corporate object is to manage real estate connected to non-performing loans. As at the date of this Base Prospectus, the company is still non-operating and therefore has no impact on the Issuer's financial statements.

Share Capital

As at 31 December 2013, the Issuer's outstanding share capital amounted to €140,400,000 fully paid up, divided into 2,550,000 ordinary shares of nominal value €52.00 each and 150,000 preference shares of nominal value €52.00 each. There have been no changes to the Issuer's share capital since 31 December 2013.

The following table shows the Issuer's principal shareholders as at the date of this Base Prospectus.

Shareholder	Shareholding (%)
Centrale Finanziaria del Nord Est S.p.A.	68.607
DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	25.000
Co-operative credit banks and central bodies in Trentino	0.019
Co-operative credit banks and Federation of Co-operative Credit Banks in Veneto	0.660
Co-operative credit banks and Federation of Co-operative Credit Banks in Friuli-Venezia Giulia	0.156
Second tier co-operative consortia in Trentino	0.003
Sub-total for ordinary shareholders	94.445
Autonomous Province of Trento	4.963
Chamber of Commerce of Trento	0.148
Other preference shareholders	0.444
Sub-total for preference shareholders	5.555
Total	100.00

The Issuer complies with the legislative measures designed to ensure that a position of control is not abused, as laid down in the Italian Civil Code. Under Article 2497-*bis* of the Italian Civil Code, the Issuer must indicate the parent company, Centrale Finanziaria, to whose direction and coordination it is subject, in its deeds and correspondence as well as through notation on a special section of the local Companies' Register. In addition, the Issuer's directors must disclose in their management report the relationships with the parent company and with the other companies that are subject to the parent company's direction and coordination, as well as the effect that such activity had on the operations of the business and on its results. Finally, pursuant to Article 2497-*ter* of the Italian Civil Code, any decision by the Issuer, where influenced by the parent company's direction and coordination, must be analytically motivated and must contain a precise indication of the reasons and of the interests the evaluation of which influenced that decision.

Principal Markets

The Autonomous Province of Trento, in which territory the Issuer is located, enjoys a relatively high degree of political and financial autonomy from the central government and is one of Italy's most productive areas. According to the data provided by the Italian national institute of statistics (*Istituto Nazionale di Statistica* or "**ISTAT**"), as at 31 December 2012 the GDP per capita (at current value) in the Autonomous Province of Trento was equal to €30,338.2, compared to €30,629.8 in the north-east of Italy and €25,728.6 in Italy as a whole. According to ISTAT's survey of the work force, in 2013 the average employment rate increased slightly in the province of Trento (by 0.1 per cent.), while the employment rate was 65.6 per cent. in the province of Trento, compared to 64.9 per cent. in the north-east of Italy and 55.6 per cent. in Italy as a whole.

The north-east of Italy, in which the majority of the co-operative banks which benefit from the Issuer's services is located, has seen continuing negative economic growth which also affected Italy as a whole in 2013.

Areas of Activity

The Issuer's main business consists of providing services to co-operative banks for the purpose of addressing the needs which may arise in connection with their activities on credit and financial markets and in the payment services sector.

Loans to customers amounted to €758 million as at 31 December 2013. The Issuer does not operate as a traditional commercial bank, since it grants funds to customers of co-operative banks under syndicated loans in which the Issuer participates. All the operations are finalised by credit managers

and analysts of the corporate business units which are located at the head office in Trento and at the Padua branch. A dedicated business unit deals with extraordinary loans, such as project financing and structured loans. In addition, the monitoring and management of non-performing loans is attributed to a specific business unit which manages the Issuer's portfolio and provides advisory services to co-operative banks participating in syndicated loans together with the Issuer.

Revenues not connected with the credit business area derive from services provided to co-operative banks. Trading in bonds and equity securities on the relevant markets reflect the execution of orders made by co-operative banks and their retail clients. Intermediation in the monetary market has recently consisted of the participation in European Central Bank refinancing operations in favour of co-operative banks. Asset management services are provided in favour of retail clients and institutional clients. The services are provided to other banks in order to allow them to participate fully in payment systems, including, but not limited to, ordinary TARGET2 settlement, SEPA payments, correspondent banking and electronic banking.

The Issuer also provides advisory services to co-operative banks on risk and strategic management. The Issuer's advisors provide analyses to risk officers, top managers and boards of directors of the banks which are the Issuer's clients. In addition, a dedicated team draws up and provides to co-operative banks a wide range of reports on issues which include asset and liability management, liquidity risk management and ICAAP reporting. Advisory services also extend to marketing issues, for the purpose of supporting co-operative banks in implementing their commercial campaigns and related strategies.

Except where stated otherwise, the financial data contained in tables in this section are derived from the Issuer's annual financial statements as at and for the years ended 31 December 2012 and 2013 and are on a non-consolidated basis.

Strategy

The strategy of the Issuer, as central bank of the co-operative banks ("**BCCs**") operating in the Autonomous Province of Trento and in the regions of Veneto and Friuli Venezia Giulia, is focused on the safeguarding of the interests of co-operative banks, as well as on the improvement on a continuous basis of assistance and services provided to these banks. In particular, the Issuer intends to strengthen and expand further the range of services that it provides, *inter alia*, to BCCs located in other Italian regions. For the purpose of achieving this aim, the Issuer is streamlining on a continuous basis the processes and procedures in use within the BCCs which are clients of the Group, coordinating and preparing projects on a common basis and seeking to implement the needs of the BCCs in an efficient manner. The Issuer has a strategic and primary role in respect of its clients (BCCs) since it not only develops new activities and banking services but also strengthens the BCCs' positions as the main financial centres within local communities.

In this process, the Issuer observes certain specific guidelines:

- improvement of instruments provided to co-operative banks in order to manage liquidity risk;
- diversification of sources of funding by means of Eurobond issues and securitisations; and
- constant monitoring of the structure of the Issuer's share capital.

In addition, the Issuer aims to strengthen its cooperation with the Autonomous Province of Trento and its synergies with Cassa Centrale Raiffeisen dell'Alto Adige S.p.A., through their joint venture Casse Rurali-Raiffeisen Finanziaria S.p.A., which is the largest non-public shareholder of Mediocredito Trentino Alto Adige S.p.A., a corporate bank operating in northern Italy. The Issuer also maintains a strategic relationship with DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, which holds a 25% shareholding in the Issuer. On the basis of this international cooperation, the

Issuer aims to improve its role as central bank for the BCCs, while also keeping open the possibility of becoming part of the *Volks und Raiffeisen Finanznetwork* for the use of certain financial services.

Areas of Activity: Lending

A prudential policy was applied to the granting of loans in 2013: this choice resulted in a moderate reduction of the total loans (-7.5%) compared to the previous year, in line with that of the banking system as a whole. The structure was therefore particularly focused on the management of existing loans, granting new loans for amounts slightly lower than the normal repayment flows.

The Issuer intends to maintain a significant diversification in its loan portfolio according to sector, geographical area and amount.

The following table shows a breakdown of the Issuer's loans and advances to customers according to sector as at 31 December 2013 (*Source: Unaudited internal management data*).

Sector	(%)
Property	30.37
Craft-working industry	18.15
Hotels	13.86
Services	12.90
Sales	7.74
Household consumption	6.20
Agriculture	4.43
Transport	3.76
Entities	1.54
Financial and holdings	1.05
Total	100.00

The following tables shows the Issuer's loans as at 31 December 2013 and 2012, broken down according to the type of loan.

Loans to customers by economic type

	As at 31 December			
	2013		2012	
	Performing	Impaired	Performing	Impaired
	<i>(thousands of Euro)</i>			
Current accounts	70,525	29,284	85,656	14,833
Repos receivables	-	-	-	-
Mortgage loans	398,962	32,303	431,072	36,246
Credit cards, personal loans and salary backed loans	-	-	-	-
Financial leases	-	-	-	-
Factoring	-	-	-	-
Other loans	207,652	13,990	235,239	12,731
Debt securities	5,335	-	4,057	-
- <i>Structured securities</i>	-	-	-	-
- <i>Other debt securities</i>	5,335	-	4,057	-
Total (carrying amount)	682,474	75,577	756,023	63,811

The following table shows a breakdown of the Issuer's loans to banks and to customers made by the Issuer as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
	<i>(thousands of Euro)</i>	
Loan to banks	4,952,165	4,936,009
Loan to customers	758,051	819,834
Total	5,710,216	5,755,843

The following table shows a breakdown of loans to customers according to class of borrower.

Loans to customers by class of borrowers

	As at 31 December			
	2013		2012	
	<i>Performing</i>	<i>Impaired</i>	<i>Performing</i>	<i>Impaired</i>
	<i>(thousands of Euro)</i>			
Debt Securities:	5,335	-	4,057	-
a) Governments	-	-	-	-
b) Other public bodies	-	-	-	-
c) Other issuers	5,335	-	4,057	-
- non-financial firms	1,281	-	-	-
- financial firms	4,055	-	4,057	-
- insurance companies	-	-	-	-
- others	-	-	-	-
Loans to:	677,139	75,577	751,966	63,811
a) Governments	-	-	-	-
b) Other public bodies	7,844	-	9,236	-
c) Other issuers	669,295	75,577	742,730	63,811
- non-financial firms	499,002	66,654	564,355	55,620
- financial firms	136,475	1,320	137,786	848
- insurance companies	-	-	-	-
- others	33,818	7,603	40,589	7,342

The following tables show the Issuer's secured credit exposures to banks and customers of the Issuer as at 31 December 2013, broken down according to the type of security.

Secured credit exposures relative to banks

As at 31 December 2013

	Real guarantees (1)					Personal guarantees (2)				
		Real estate properties								
	Value of exposure	Mortgages	Financial leasing	Securities	Other real guarantees	Govern-ments and central banks	Other public entities	Banks	Other entities	TOTAL (1)+(2)
	(thousands of Euro)									
1. Secured on-balance sheet	4,687,127	-	-	4,630,908	25,001	-	-	-	11,000	4,666,909
Cash credit exposures:										
1.1 fully guaranteed	4,619,940	-	-	4,608,940	-	-	-	-	11,000	4,619,940
- of which: impaired	-	-	-	-	-	-	-	-	-	-
1.2 partially guaranteed	67,187	-	-	21,968	25,001	-	-	-	-	46,969
- of which: impaired	-	-	-	-	-	-	-	-	-	-
2. Secured off-balance-sheet	-	-	-	-	-	-	-	-	-	-
Credit exposures:										
2.1 fully guaranteed	-	-	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-	-	-
2.2 partially guaranteed	-	-	-	-	-	-	-	-	-	-
- of which: impaired	-	-	-	-	-	-	-	-	-	-

Secured credit exposures relative to customers

As at 31 December 2013

	Real guarantees (1)					Personal guarantees (2)				TOTAL (1)+(2)
	Value of exposure	Real estate properties		Securities	Other real guarantees	Govern- ments and central banks	Other public entities	Banks	Other entities	
		Mortgages	Financial leasing							
(thousands of Euro)										
1. Secured on-balance-sheet	687,082	490,930	-	12,320	79,976	-	146,820	80,214	422,049	1,232,309
Cash credit exposures:										
1.1 fully guaranteed	675,838	490,930	-	12,300	78,713	-	146,100	77,304	420,674	1,226,021
- of which: impaired	73,300	71,627	-	-	1	-	-	14,300	88,065	173,993
1.2 partially guaranteed	11,244	-	-	20	1,263	-	720	2,910	1,375	6,288
- of which: impaired	-	-	-	-	-	-	-	-	-	-
2. Secured off-balance-sheet	15,043	-	-	-	2,002	-	-	3,881	12,082	17,965
Credit exposures:										
2.1 fully guaranteed	14,926	-	-	-	2,002	-	-	3,881	11,999	17,883
- of which: impaired	-	-	-	-	-	-	-	-	-	-
2.2 partially guaranteed	117	-	-	-	-	-	-	-	83	83
- of which: impaired	-	-	-	-	-	-	-	-	-	-

The following tables show the Issuer's credit exposures denominated in Euro as at 31 December 2013 and 2012 broken down according to residual contractual maturity.

Credit exposures to banks and customers by maturity

As at 31 December 2013

Items/Maturities	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Indefinite duration
	(thousands of Euro)									
Cash assets:	193,667	766	107,180	208,619	391,952	44,333	1,088,527	6,296,485	326,082	50,187
1. Government securities	-	-	-	-	13,071	23,623	1,026,616	1,874,000	95,002	-
2. Other debt securities	-	-	-	-	16,655	2,024	9,596	77,032	16,435	-
3. UCITS units	47,779	-	-	-	-	-	-	-	-	-
4. Financing	145,887	766	107,180	208,619	362,226	18,686	52,315	4,345,453	214,645	50,187
- banks	85,692	-	104,585	204,519	338,761	-	288	3,926,656	6,068	50,187
- customers	60,195	766	2,595	4,100	23,465	18,686	52,027	418,797	208,577	-

Credit exposures to banks and customers by maturity

As at 31 December 2012

Items/Maturities	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years	Indefinite duration
	(thousands of Euro)									
Cash assets:	154,332	18,041	30,205	249,149	747,019	247,302	460,022	5,540,089	336,783	-
1. Government securities	-	-	-	50,055	227,668	203,416	394,982	1,077,434	90,001	-
2. Other debt securities	-	2,021	3,030	23,204	49,729	7,302	17,538	56,500	17,038	-
3. UCITS units	45,849	-	-	-	-	-	-	-	-	-
4. Financing	108,483	16,020	27,175	175,890	469,622	36,584	47,502	4,406,155	229,743	-
- banks	40,282	15,001	8,008	163,550	433,263	-	-	3,999,118	8,662	-
- customers	68,201	1,019	19,168	12,340	36,359	36,584	47,502	407,037	221,081	-

Significant risks

The Bank of Italy's regulations defines "large risks" as the exposure, in relation to both loans and guarantees, to primary business groups where the amount is in excess of 10 per cent of the regulatory capital available at a given time. With regard to "large risks", in accordance with legislation in force, the table below shows the situation as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
	(thousands of Euro)	
Amount of "large risks"		
a 1) carrying amount	8,884,931	8,554,971
a 2) weighted value	1,083,291	1,074,577
b) Number of positions of "large risks"	104	103

Doubtful loans

The supervisory regulations of the Bank of Italy identify the following categories of doubtful loans:

Restructured loans (*crediti ristrutturati*): these are loans for which a bank (or a pool of banks) agrees to amend the original contractual terms and conditions, due to deterioration in the debtor's financial and economic condition, giving rise to a loss. Loans to companies which have ceased activity or

which are insolvent are excluded from this category. Should the debtor fail to make a payment and subject to the applicable grace period, a bank is obliged to classify the entire exposure as non-performing or watch-list loans, as the case may be, upon occurrence of the relevant requirements.

Watch-list (*crediti incagliati*): a bank must classify the whole exposure of the client as a "watch-list loan" if it establishes that the borrower is experiencing financial or economic difficulties that are likely to be temporary. The Issuer cannot take account of any security it has on the loan.

Non-performing loans (*crediti in sofferenza*): Italian banks must classify the whole debt exposure of the client as a non-performing loan upon the client (i) becoming insolvent (whether or not any judicial declaration of insolvency occurred) or (ii) being in a substantially equivalent condition. A bank cannot take into account any security it has on the loan. The classification of a loan as a non-performing loan is often followed by a formal demand for repayment from the borrower (and in most cases, if applicable, from the guarantor) by a specific date.

Past due loans and overdrafts (*scaduti*): past due loans are loans (consisting of the entire principal amount) to borrowers (not already classified as watch-list, restructured or non-performing loans) where payment is overdue and/or which constitute non authorised overdrafts for more than 90 days.

The following table shows a breakdown of credit exposures to customers of the Issuer as at 31 December 2013 and 2012, based on Bank of Italy definitions.

Gross and net exposure to customers

Type of positions/values	As at 31 December 2013						
	Gross exposure	Specific adjust-ments	Portfolio adjust-ments	Net exposure	Gross exposure/ Total gross exposure	Coverage	Net exposure/ Net total exposure
	(thousands of Euro)				(%)		
A. Cash Exposures							
a) Non-performing loans	67,800	34,831	-	32,970	1.72%	51.37%	0.85%
b) Watch-list	52,321	20,420	-	31,901	1.33%	39.03%	0.83%
c) Restructured loans	12,248	5,379	-	6,869	0.31%	43.92%	0.18%
d) Past due loans and overdrafts	4,485	648	-	3,838	0.11%	14.45%	0.10%
e) Other assets	3,702,831	-	10,768	3,692,063	94.07%	0.29%	95.54%
TOTAL A	3,839,685	61,277	10,768	3,767,640	97.55%	1.88%	97.50%
B. Off-Balance Sheet Exposures							
a) Impaired	305	-	-	305	0.01%	-	0.01%
b) Other	96,271	-	-	96,271	2.45%	-	2.49%
TOTAL B	96,576	-	-	96,576	2.45%	-	2.50%
TOTAL (A + B)	3,936,261	61,277	10,768	3,864,216	100.00%	1.83%	100.00%

Gross and net exposure to customers

Type of positions/values	As at 31 December 2012						
	Gross exposure	Specific adjustments	Portfolio adjustments	Net exposure	Gross exposure/ Total gross exposure	Coverage	Net exposure/ Net total exposure
	(thousands of Euro)				(%)		
A. Cash Exposures							
a) Non-performing loans	29,280	12,472	-	16,808	0.99%	42.60%	0.58%
b) Watch-list	48,422	17,677	-	30,744	1.64%	36.51%	1.06%
c) Restructured loans	10,619	4,254	-	6,365	0.36%	40.06%	0.22%
d) Past due loans and overdrafts	12,138	2,245	-	9,893	0.41%	18.50%	0.34%
e) Other assets	2,782,897	-	11,221	2,771,676	94.38%	0.40%	95.56%
TOTAL A	2,883,356	36,648	11,221	2,835,486	97.79%	1.66%	97.76%
B. Off-Balance Sheet Exposures							
a) Impaired	2,084	-	-	2,084	0.07%	-	0.07%
b) Other	63,013	-	-	63,013	2.14%	-	2.17%
TOTAL B	65,097	-	-	65,097	2.21%	-	2.24%
TOTAL (A + B)	2,948,453	36,648	11,221	2,900,583	100.00%	1.62%	100.00%

The following table shows the flow of new doubtful credit exposures to customers, provisions and recoveries for the year ended 31 December 2013.

Description/Categories	Year ended 31 December 2013			
	Non-performing	Watch-list	Restructured loans	Past due loans and overdrafts
	(thousands of Euro)			
A. Initial gross exposure	29,280	48,422	10,619	12,138
- including: positions disposed of but not cancelled	-	-	-	-
B. Increases	45,925	47,356	3,560	10,123
B.1 Transfers from performing credit exposures	5,110	36,983	1,785	9,724
B.2 Transfers from other categories of impaired positions	40,474	10,099	1,366	-
B.3 Other increases	341	274	409	399
C. Decreases	7,405	43,457	1,931	17,776
C.1 Transfers to performing credit exposures	-	1,445	-	5,258
C.2 Cancellations	46	-	-	-
C.3 Collections	7,359	1,100	365	3,051
C.4 Profits from disposals	-	-	-	-
C.5 Transfers to other categories of impaired positions	-	40,907	1,566	9,467
C.6 Other decreases	-	6	-	-
D. Gross final exposure	67,800	52,321	12,248	4,485
- including: positions disposed of but not cancelled	-	-	-	-

Description/Categories	Non-performing	Year ended 31 December 2012			Past due loans and overdrafts
		Watch-list	Restructured loans		
		(thousands of Euro)			
A. Initial gross exposure	16,178	19,829	5,183		7,969
- including: positions disposed of but not cancelled	-	-	-		-
B. Increases	13,608	40,377	6,342		13,187
B.1 Transfers from performing credit exposures	2,665	38,367	5,294		13,171
B.2 Transfers from other categories of impaired positions	10,800	1,408	899		-
B.3 Other increases	143	601	148		16
C. Decreases	505	11,784	905		9,018
C.1 Transfers to performing credit exposures	-	-	-		7,336
C.2 Cancellations	-	-	-		-
C.3 Collections	505	580	650		-
C.4 Profits from disposals	-	-	-		-
C.5 Transfers to other categories of impaired positions	-	11,171	255		1,682
C.6 Other decreases	-	33	-		-
D. Gross final exposure	29,280	48,422	10,619		12,138
- including: positions disposed of but not cancelled	-	-	-		-

Asset quality of loans

As at 31 December 2013, the ratio of net non-performing loans to loans to customers of the Issuer was 4.35 per cent. compared to 2.05 per cent. at 31 December 2012. The current level of provisioning is consistent with the fact that a large part of exposures to customers is secured.

Financial Assets Portfolio

Assets held for trading

As at 31 December 2013, the Issuer's assets held for trading portfolio amounted to €48,048 thousand corresponding to 0.5 per cent. of total assets. The main item in the assets held for trading portfolio is represented primarily by interest rate derivatives (which amounted to €46,014 thousand as at 31 December 2013) originated by transactions entered into with co-operative banks and customers. Such OTC derivatives transactions are matched with mirror transactions entered into with the relevant counterparties, in order to hedge the interest rate risk, as confirmed by the corresponding financial derivatives' item in the financial liabilities held for trading (€44,883 thousand as at 31 December 2013). The number of unmatched transactions is negligible.

The following table shows the Issuer's investment and trading portfolio as at 31 December 2013 and 2012, broken down according to the type of securities.

Investment and trading portfolio

	As at 31 December			
	2013		2012	
	(thousands of Euro)	(%)	(thousands of Euro)	(%)
A. Cash assets				
1. Debt securities	3	0.00	2	0.00
a) Government and Central Banks	3	0.00	2	0.00
b) Other public bodies	-	-	-	-
c) Banks	-	-	-	-
d) Other issuers	-	-	-	-
2. Equities	2,031	4.23	1,236	1.61
a) Banks	185	0.39	70	0.09
b) Other issuers:	1,846	3.84	1,166	1.52
- insurance companies	216	0.45	95	0.12
- financial institutions	87	0.18	139	0.18
- non-financial firms	1,543	3.21	932	1.21
- others	-	-	-	-
3. UCITS units	-	-	-	-
4. Loans	-	-	-	-
a) Governments and central banks	-	-	-	-
b) Other public bodies	-	-	-	-
c) Banks	-	-	-	-
d) Other subjects	-	-	-	-
TOTAL A	2,034	4.23	1,238	1.61
B. Derivative instruments				
a) Banks				
- fair value	43,866	91.30	72,142	93.93
b) Customers				
- fair value	2,148	4.47	3,426	4.46
TOTAL B	46,014	95.77	75,568	98.39
TOTAL (A+B)	48,048	100.00	76,806	100.00

Assets available for sale

As at 31 December 2013, the Issuer's assets available for sale amounted to €2,666,466 thousand, corresponding to 29.4 per cent. of total assets, of which 96.7 per cent. was represented by debt instruments.

The following table shows a breakdown of the Issuer's assets available for sale according to the type of securities as at 31 December 2013 and 2012.

<i>Assets available for sale (amounts)</i>								
Type of positions/values	As at 31 December							
	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>(thousands of Euro)</i>								
1. Debt securities	2,577,919	-	-	2,577,919	1,526,270	-	-	1,526,270
1.1 Structured securities	-	-	-	-	-	-	-	-
1.2 Other debt securities	2,577,919	-	-	2,577,919	1,526,270	-	-	1,526,270
2. Equities	-	-	40,768	40,768	-	-	38,878	38,878
2.1 Designated at fair value	-	-	393	393	-	-	393	393
2.2 Designated at cost	-	-	40,375	40,375	-	-	38,485	38,485
3. UCITS units	-	47,779	-	47,779	-	45,849	-	45,849
4. Loans	-	-	-	-	-	-	-	-
Total	2,577,919	47,779	40,768	2,666,466	1,526,270	45,849	38,878	1,610,997

<i>Assets available for sale (percentages)</i>								
Type of positions/values	As at 31 December							
	2013				2012			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<i>(%)</i>								
1. Debt securities	96.68	-	-	96.68	94.74	-	-	94.74
1.1 Structured securities	-	-	-	-	-	-	-	-
1.2 Other debt securities	96.68	-	-	96.68	94.74	-	-	94.74
2. Equities	-	-	1.53	1.53	-	-	2.41	2.41
2.1 Designated at fair value	-	-	0.02	0.02	-	-	0.02	0.02
2.2 Designated at cost	-	-	1.51	1.51	-	-	2.39	2.39
3. UCITS units	-	1.79	-	1.79	-	2.85	-	2.85
4. Loans	-	-	-	-	-	-	-	-
Total	96.68	1.79	1.53	100.00	94.74	2.85	2.41	100.00

Funding

As at 31 December 2013, the total amount of funds borrowed by the Issuer amounted to €8,623 million, which represented an increase of 1.6 per cent compared to the aggregate amount of funds borrowed as at 31 December 2012.

The following table shows the breakdown between bonds and liabilities due to banks and customers of the Issuer as at 31 December 2013 and 2012.

	As at 31 December			
	2013		2012	
	<i>(thousands of Euro)</i>	<i>(%)</i>	<i>(thousands of Euro)</i>	<i>(%)</i>
Due to banks	7,978,279	92.5	7,689,064	90.6
Due to customers	312,235	3.6	339,090	4.0
Debt securities in issue	332,976	3.9	457,606	5.4
Total	8,623,490	100.0	8,485,760	100.0

As at 31 December 2013, the Issuer's medium- to long-term funding was mainly represented by bond issues subscribed by co-operative banks and other banks which are clients of the Issuer, with which other business relationships are in place. As at 31 December 2013, there were no listed securities issued by the Issuer.

The Issuer's funding generally originates from deposits and current accounts held by co-operative banks and other banks with the Issuer. As at 31 December 2013, the inter-bank funding market, other than that with co-operative banks, was negligible as a source of funding for the Issuer.

The following tables show a breakdown of the Issuer's funding, denominated in Euro, as at 31 December 2013 and 2012 taking into account the maturity and the funding source.

Funding by maturity

Items/Maturities	As at 31 December 2013								
	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years
<i>(thousands of Euro)</i>									
Cash liabilities:	1,318,896	18,195	386,575	431,787	402,661	446,597	112,131	5,311,527	82,024
1. Deposits	1,270,075	15,513	102,064	227,282	63,839	424,122	63,199	879,327	20,070
- banks	1,107,453	15,513	102,003	226,567	62,207	418,514	58,216	837,820	-
- customers	162,621	-	61	715	1,632	5,607	4,983	41,507	20,070
2. Debt securities	298	2,683	-	-	70	21,796	23,032	294,000	7,985
3. Other liabilities	48,524	-	284,511	204,505	338,752	680	25,899	4,138,200	53,968

Funding by maturity

Items/Maturities	As at 31 December 2012								
	On demand	From 1 to 7 days	From 7 to 15 days	From 15 days to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 5 years	Over 5 years
<i>(thousands of Euro)</i>									
Cash liabilities:	1,262,082	154,412	13,541	683,932	663,431	230,246	487,100	4,828,836	86,198
1. Deposits	1,212,952	136,729	13,541	519,446	313,983	227,198	326,290	37,936	17,902
- banks	1,016,585	136,729	13,541	518,881	312,946	225,295	323,156	-	-
- customers	196,367	-	-	565	1,037	1,903	3,133	37,936	17,902
2. Debt securities	251	2,683	-	-	661	3,048	131,132	329,800	7,882
3. Other liabilities	48,879	15,001	-	164,486	348,786	-	29,678	4,461,100	60,413

Capital Ratios

The Bank of Italy has adopted risk-based capital ratios ("**Capital Ratios**") pursuant to EU capital adequacy and solvency 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. The 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**").

Until 31 December 2013, the Issuer was required to maintain, pursuant to Bank of Italy regulations, a ratio of total capital to total risk-weighted assets ("**Total Capital Ratio**") of at least 8 per cent. and a Tier I capital to total Risk-Weighted Assets ratio ("**Tier I Ratio**") of at least 4 per cent..

Starting from January 2014 the Issuer is required to comply with new CRD IV regulation, with a minimum Tier I Ratio of 8.5 per cent. and Total Capital Ratio of 10.5 per cent. (inclusive of a 2.5 per cent. component as capital conservation buffer).

The table below shows the Capital Ratios of the Issuer as at 31 December 2013 and 2012, which exceed the minimum levels prescribed by the Bank of Italy.

	As at 31 December	
	2013	2012
	<i>(%)</i>	
Tier 1 ratio (Tier 1 capital / Total weighted assets)	19.02	17.51
Total capital ratio (Regulatory capital / Total weighted assets)	19.02	17.51
	<i>(thousands of Euro)</i>	
A. Tier 1 capital before the application of prudential filters	204,277	199,282
B. Prudential filters of Tier 1 capital:	(181)	-
<i>B1 - positive IAS/IFRS prudential filters (+)</i>	-	-
<i>B2 - negative IAS/IFRS prudential filters (-)</i>	(181)	-
C. Tier 1 capital gross of items to be deducted (A+B)	204,096	199,282
D. Elements to deduct from Tier 1 capital	32,284	31,924
E. Total Tier 1 capital (C-D)	171,812	167,358
F. Tier 2 capital before the application of prudential filters	896	1,641
G. Prudential filters of Tier 2 capital	-	(373)
<i>G1- positive IAS/IFRS prudential filters (+)</i>	-	-
<i>G2- negative IAS/IFRS prudential filters (-)</i>	-	(373)
H. Tier 2 capital gross of items to be deducted (F+G)	896	1,269
I. Elements to deduct from Tier 2 capital	896	1,269
L. Total Tier 2 capital (H-I)	-	-
M. Elements to deduct from total Tier 1 and 2 capital	-	-
N. Regulatory capital (E+L-M)	171,812	167,358
O. Tier 3 capital	-	-
P. Regulatory capital including Tier 3 capital (N+O)	171,812	167,358

Management

Board of Directors

The Issuer is managed by a Board of Directors which, according to its By-laws, must be composed of not less than 11 and not more than 15 members. The ordinary shareholders' meeting of the Issuer determines the number of directors on the Board and appoints them for a three-year term. The shareholders' meeting of the Issuer also appoints the Chairman and up to three deputy chairmen. The Board of Directors may delegate its powers to an Executive Committee, whose members are the Chairman, the Deputy Chairman/Chairmen and not less than one and not more than four directors appointed by the Board.

Meetings of the Board of Directors of the Issuer normally take place at the registered office of the Issuer and are convened by the Chairman, or a person acting in his place. A minimum of one-third of the members of Board of Directors of the Issuer, the Executive Committee or the Board of Statutory Auditors may convene an extraordinary meeting. According to the Issuer's By-laws, the Board of Directors meets at least once every two months while the Executive Committee normally meets once a month. However, both the Board of Directors and the Executive Committee usually meet on a more frequent basis.

The Board of Directors is vested with all the powers for ordinary and extraordinary administration and may carry out all necessary and appropriate actions within the scope of the Issuer's corporate objects, except for those actions which, by law or according to the Issuer's By-laws, can only be approved by a shareholders' meeting of the Issuer.

The following table shows certain information regarding the members of the Issuer's Board of Directors as at the date of this Base Prospectus, who were appointed at the shareholders' meeting held on 29 May 2013.

Name	Position	Principal activities outside the Issuer
Giorgio Fracalossi ^(*)	Chairman	Chairman of the Board of Directors of: - Centrale Finanziaria del Nord Est S.p.A. - Cassa Rurale di Trento - Informatica Bancaria Trentina S.r.l. Deputy Vice Chairman of the Board of Directors of Federazione Trentina della Cooperazione
Luigi Cristoforetti ^(*)	Acting Deputy Chairman	Chairman of the Board of Directors of: - Fondo Comune delle Casse Rurali Trentine S.p.A. - Phoenix Informatica Bancaria S.p.A. Acting Deputy Chairman of the Board of Directors of Centrale Finanziaria del Nord Est S.p.A.
Carlo Antiga ^(*)	Deputy Chairman	Chairman of the Board of Directors of: - BCC Prealpi - Assicra Veneto Deputy Chairman of the Board of Directors of: - Centrale Finanziaria del Nord Est S.p.A. - Federazione Veneta delle BCC
Sergio Stancich ^(*)	Deputy Chairman	Chairman of the Board of Directors of BCC del Carso Deputy Chairman of the Board of Directors of Centrale Finanziaria del Nord Est S.p.A.
Luigi Baldo	Director	Chairman of the Board of Directors of Cassa Rurale Aldeno e Cadine BCC Chairman of the Board of Directors of Informatica Bancaria e Finanziaria S.p.A. Director of Centrale Finanziaria del Nord Est S.p.A.
Diego Eccher ^(*)	Director	Director of Centrale Finanziaria del Nord Est S.p.A.
Lars Hille	Director	Managing Director of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Tiziano Manfrin	Director	Chief Executive Officer of Banca dei Colli Euganei Credito Cooperativo Luzzo Atestino Director of Centrale Finanziaria del Nord Est S.p.A.
Paolo Marega ^(*)	Director	Chairman of the Board of Directors of Cassa Rurale di Rovereto BCC Director of Centrale Finanziaria del Nord Est S.p.A.
Umberto Martini	Director	Chairman of the Board of Directors of BCC Romano e Santa Caterina Director of Centrale Finanziaria del Nord Est S.p.A. Chairman of Centrale Leasing Nord Est S.p.A.
Gilberto Noacco	Director	Chief Executive Officer of Credito Cooperativo del Friuli Director of Centrale Finanziaria del Nord Est S.p.A.

Name	Position	Principal activities outside the Issuer
Claudio Ramsperger ^(*)	Director	Head of Credit Solutions and Risk Management c/o DZ Bank Stuttgart
Franco Senesi	Director	Chairman of the Board of Directors of: - Cassa Rurale di Pergine BCC - Mediocredito Trentino-Alto Adige S.p.A. Vice Chairman of the Board of Directors of Casse Rurali-Raiffeisen Finanziaria S.p.A. Director of Centrale Finanziaria del Nord Est S.p.A.
Enzo Zampiccoli ^(*)	Director	Chairman of the Board of Directors of Cassa Rurale Alto Garda BCC Director of Centrale Finanziaria del Nord Est S.p.A. Chairman of the Board of Statutory Auditors of: - Federazione Trentina della Cooperazione - Assicura Group S.r.l.
Goffredo Zanon	Director	Chairman of the Board of Directors of Cassa Rurale di Fiemme BCC Director of Centrale Finanziaria del Nord Est S.p.A.

^(*) Also members of the Executive Committee

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

General Manager

The following table shows certain information regarding the General Manager of the Issuer, Mario Sartori, who has held that position since November 2000.

Name	Position	Principal activities outside the Issuer
Mario Sartori	General Manager	Managing Director of Centrale Finanziaria del Nord Est S.p.A. Deputy Chairman of the Board of Directors of Nord Est Asset Management – Luxembourg Director of: - Fondo Comune delle Casse Rurali Trentine S.p.A. - Phoenix Informatica Bancaria S.p.A. - Mediocredito Trentino Alto Adige S.p.A. - Casse Rurali Raiffeisen Finanziaria S.p.A. - Informatica Bancaria e Finanziaria S.p.A. - Centrale Leasing Nord Est S.p.A. - Assicura Group S.p.A.

The business address of the General Manager is the Issuer's registered office.

Board of Statutory Auditors

Pursuant to Italian law, the shareholders of the Issuer appoint a Board of Statutory Auditors (*Collegio Sindacale*), composed of three members. According to the Issuer's By-laws, the shareholders of the Issuer also elect two Alternate Statutory Auditors, who will automatically replace Statutory Auditors

that resign or are otherwise unable to serve. Statutory Auditors and Alternate Statutory Auditors hold office for a three-year term and may be re-elected.

The table below sets forth certain information regarding the members of the Issuer's Board of Statutory Auditors as at the date of this Base Prospectus, who were appointed at the shareholders' meeting held on 29 May 2013.

Name	Position	Principal activities outside the Issuer
Antonio Maffei	Chairman	Chairman of the Board of Directors of Cassa Rurale Adamello Brenta BCC Chairman of the Board of Statutory Auditors of: - Centrale Finanziaria del Nord Est S.p.A. - Casse Rurali-Raiffeisen Finanziaria S.p.A.
Marco Dell'Eva	Statutory Auditor	-
Vincenzo Miceli	Statutory Auditor	-
Stefano Bianchi	Alternate Auditor	-
Manuela Conci	Alternate Auditor	Statutory Auditor of Centrale Finanziaria del Nord Est S.p.A.

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

Conflicts of interest

The members of the Issuer's Board of Directors and Board of Statutory Auditors and its General Manager 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, Article 136 of the TUB and the relevant provisions set out under the Prudential Regulations for Banks and the other relevant regulations issued by the Bank of Italy. For further information, see 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 2013, incorporated by reference in this Base Prospectus.

Independent Auditors

KPMG S.p.A. ("**KPMG**") was appointed at the shareholders' meeting of the Issuer on 22 May 2010 as auditor for the activity related to the auditing of the Issuer's annual financial statements for the years 2010-2018. KPMG audited the annual financial statements of the Issuer as at and for the years ended 31 December 2012 and 2013, and has issued unqualified reports on those financial statements.

The head office of KPMG is at Via Vittor Pisani 25, 20124 Milan and it is registered with the Consob's Auditors register (*Albo Speciale delle Società di Revisione*) under No. 13.

Employees

As at 31 December 2013 the Issuer employed 199 people, which represented 6 people more compared to 31 December 2012.

Litigation

The Issuer is a party to litigation in the normal course of its business and is subject to tax investigations. The Issuer is currently not involved in any litigation (actual or pending) which could, if

adversely determined against it, have a material adverse effect on the Issuer or its financial condition or results of operations, nor is the Issuer aware that any such litigation is pending or threatened.

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The Issuer's audited non-consolidated annual financial statements as at and for the years ended 31 December 2013 and 2012, in each case together with the accompanying notes and audit reports, are incorporated by reference in this Base Prospectus. See "*Information Incorporated by Reference*". The Issuer does not currently publish consolidated financial statements.

The financial statements referred to above have been prepared in accordance with IFRS. KPMG S.p.A., independent auditors to the Issuer, have audited the annual financial statements referred to above.

The following tables present audited annual non-consolidated balance sheet and income statement information of the Issuer, in each case as at and for the years ended 31 December 2013 and 2012. All of the financial information set out below derives from, should be read in conjunction with, and is qualified in its entirety by reference to, the full annual non-consolidated financial statements of the Issuer, as incorporated by reference in this Base Prospectus, in each case together with the accompanying notes.

CASSA CENTRALE BANCA – CREDITO COOPERATIVO DEL NORD EST S.p.A.

AUDITED ANNUAL STATEMENT OF FINANCIAL POSITION

Assets

	As at 31 December	
	2013	2012
	<i>(thousands of Euro)</i>	
Cash and cash equivalents	64,338	860,541
Financial assets held for trading	48,048	76,805
Financial assets designed at fair value	2,576	2,668
Financial assets available for sale	2,666,466	1,610,997
Held to maturity investments	431,600	489,305
Loans to banks	4,952,165	4.936.009
Loans to customers	758,051	819,834
Equity investments	21,258	21,725
Tangible assets	12,771	13,135
Intangible assets	303	293
Tax assets	16,659	8,314
a) current	2,232	113
b) deferred	14,427	8,201
<i>Of which pursuant to Law 214/2011</i>	<i>13,338</i>	<i>7,159</i>
Other assets	102,955	42,348
Total assets	9,077,190	8,881,974

CASSA CENTRALE BANCA – CREDITO COOPERATIVO DEL NORD EST S.p.A.

AUDITED ANNUAL STATEMENT OF FINANCIAL POSITION (Continued)

Liabilities and Equity

	As at 31 December	
	2013	2012
	<i>(thousands of Euro)</i>	
Due to banks	7,978,279	7,689,064
Due to customers	312,235	339,090
Debt securities in issue	332,976	457,606
Financial liabilities for trading	44,883	73,834
Financial liabilities designated at fair value	9,237	8,592
Tax liabilities	6,454	12,410
<i>a) current</i>	-	9,664
<i>b) deferred</i>	6,454	2,746
Other liabilities	161,892	83,627
Employees' severance indemnity	2,498	2,495
Provisions for risks and charges	747	659
<i>b) other provisions</i>	747	659
Valuation reserves	13,883	5,360
Reserves	55,013	49,984
Share premium	4,350	4,350
Share capital	140,400	140,400
Net profit (loss) of the year (+/-)	14,343	14,504
Total liabilities and equity	9,077,190	8,881,974

CASSA CENTRALE BANCA – CREDITO COOPERATIVO DEL NORD EST S.p.A.

AUDITED ANNUAL INCOME STATEMENT

	For the year ended 31 December	
	2013	2012
	<i>(thousands of Euro)</i>	
Interest income and similar revenues	111,135	113,593
Interest expenses and similar charges paid	(83,560)	(87,727)
Net interest margin	27,575	25,866
Commission income	55,917	53,296
Commission expense	(28,321)	(26,883)
Net commissions	27,596	26,413
Dividend and similar income	1,266	793
Net result from trading	1,195	1,733
Profit (loss) on disposal or repurchase of:	24,836	19,113
<i>a) loans</i>	-	(15)
<i>b) financial assets available for sale</i>	24,829	19,128
<i>d) financial liabilities</i>	6	-
Net result on financial assets and liabilities designated at fair value	(723)	247
Operating income	81,745	74,164
Net value adjustments/write-backs to:	(24,966)	(22,227)
<i>a) loans</i>	(24,729)	(21,886)
<i>b) financial assets available for sale</i>	(177)	(90)
<i>d) other financial transactions</i>	(61)	(251)
Net income from financial activities	56,779	51,937
Administrative expenses:	(31,042)	(28,895)
<i>a) personnel cost</i>	(15,493)	(14,416)
<i>b) other</i>	(15,549)	(14,479)
Net provisions for risks and charges	(118)	(47)
Net value adjustments/write-backs to tangible assets	(1,245)	(1,270)
Net value adjustments/write-backs to intangible assets	(187)	(199)
Other operating charges/incomes	1,293	2,940
Operating costs	(31,298)	(27,472)
Profit (loss) on equity investments	(709)	(242)
Gains and losses on disposal of investments	304	23
Profit (loss) before tax from current operating activities	25,077	24,246
Income taxes for the year on current operating activities	(10,734)	(9,742)
Profit (loss) after tax from current operating activities	14,343	14,504
Net income (loss) for the year	14,343	14,504

TAXATION

The following is a general description of certain Italian tax considerations relating to the purchase, the ownership and the disposal of Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This section is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

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

Law Decree No. 66 of 24 April 2014, published in the Official Gazette No. 95 of 24 April 2014 ("Decree No. 66/2014"), and converted into law with Law No. 89 of 23 June 2014, has introduced new tax provisions amending certain aspects of the tax regime of the Notes as summarised below. In particular Decree No. 66/2014 has increased from 20 per cent. to 26 per cent. the rate of withholding and substitute taxes applicable on interest accrued, and capital gains realised, as of 1 July 2014 on financial instruments (including the Notes) other than government bonds and similar bonds.

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

Italian Tax Treatment of the Notes

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("**Decree No. 239**"), regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from certain securities issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 apply to Notes issued by the Issuer that qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**"). Pursuant to Law Decree No. 138 of 13 August 2011, converted into Law No. 148 of 14 September 2011 ("**Decree No. 138**"), the described tax treatment applies irrespective of the maturity date of the Notes.

Taxation of interest

Italian resident Noteholders

Pursuant to Decree No. 239, as amended:

- (a) payments of Interest in respect of Notes qualifying as *obbligazioni* or *titoli similari alle obbligazioni* (securities similar to bonds) are subject to a final *imposta sostitutiva* at the rate of 26 per cent, for the interest accrued after 1 July 2014, if made to beneficial owners who are: (i) individuals resident in Italy for tax purposes not holding the Notes in connection with

entrepreneurial activities, unless they have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the *Risparmio Gestito* regime according to Article 7 of Legislative Decree No. 461 of 21 November 1997 (see “- *Capital gains*” below); (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), *de facto* partnerships not carrying out commercial activities and professional associations; (iii) Italian resident public and private entities, other than companies, and trusts not carrying out commercial activities; and (iv) investors exempt from Italian corporate income taxation.

In the event that the Noteholders described under (i) and (iii) above are engaged in entrepreneurial activities to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Pursuant to Decree No. 239, *imposta sostitutiva* may be applied by authorised Intermediaries (as defined below) which intervene in any way in the collection of Interest or in transfers or disposals of the Notes.

- (b) Payments of Interest in respect of Notes are not subject to *imposta sostitutiva* if made to beneficial owners that are: (i) Italian resident corporations or permanent establishments in Italy of non-resident entities to which the Notes are effectively connected; (ii) Italian resident collective investment funds, Italian resident pension funds and Italian resident real estate investment funds; (iii) Italian resident partnerships carrying out commercial activities (*società in nome collettivo* or *società in accomandita semplice*); (iv) Italian resident individuals not holding the Notes in connection with an entrepreneurial activity who have entrusted the management of their financial assets, including the Notes, to an Italian authorised financial intermediary and have opted for the *Risparmio Gestito* regime.

To ensure that payment of Interest in respect of Notes is made without the application of the *imposta sostitutiva*, investors indicated in sub-paragraph (b) above must (i) be the beneficial owners of Interest payments; and (ii) deposit the Notes and the relevant coupons (if any) in due time directly or indirectly with an Italian authorised financial intermediary or a permanent establishment in Italy of a foreign intermediary (hereinafter referred to as the “**Intermediary**” and collectively, the “**Intermediaries**”).

Interest accrued on the Notes are included in the corporate taxable income (and in certain circumstances, depending on the “status” of the Noteholders, also in the net value of production for the purposes of regional tax on productive activities - IRAP) of beneficial owners who are Italian resident corporations or Italian permanent establishments of foreign entities to which the Notes are effectively connected, subject to taxation according to the ordinary rules and at the ordinary rates.

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary, the *imposta sostitutiva* is applied and withheld: (i) by any Italian bank or any Italian Intermediary paying Interest to the Noteholder; or (ii) in the absence of any such Intermediary, by the Issuer (provided that the payment of Interest is made directly by the Issuer).

Italian resident collective investment funds (the “**Funds**”) would not be subject to *imposta sostitutiva* provided that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary. In such case, Interest are included in the annual net accrued result of the Fund, which may be subject to a withholding tax of 26 per cent. upon distribution to the unitholders (final or on account depending on the status of the unitholder).

Italian pension funds subject to the regime provided by Article 17 of Legislative Decree No. 252 of 5 December 2005 (the “**Pension Funds**”) are generally subject to an 11 per cent. substitute tax on their annual net accrued result. To the extent that the Notes and the relevant coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary, Interest on Notes

is not subject to *imposta sostitutiva* but is included in the calculation of said annual net accrued result. For the year 2014, the above mentioned rate is raised to 11.5 per cent. Furthermore, the Italian government has recently published a first draft of the annual Budget Law ("**Legge di Stabilità per il 2015**"); should the draft of Legge di Stabilità per il 2015 be converted into law without relevant changes the above mentioned rate will be raised to 20 per cent.

Where a Noteholder is an Italian resident real estate investment fund to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, Interest accrued on the Notes is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund to the extent that the Notes and the relevant Coupons (if any) are deposited in a proper and timely manner directly or indirectly with an Intermediary.

Non-Italian resident Noteholders

Interest in respect of Notes paid to non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected, are not subject to *imposta sostitutiva* provided that:

- (a) such beneficial owners are resident, for tax purposes, in a white-listed State or territory included in the list set forth by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time. According to Law No. 244 of 24 December 2007, a decree still to be issued is proposed to introduce a new "white list" replacing the current one; and
- (b) all the requirements and procedures set forth in Decree No. 239 and in its implementation rules in order to benefit from the exemption from *imposta sostitutiva* are met and complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* on Interest paid to (i) international bodies or entities set up in accordance with international agreements which have entered into force in Italy; (ii) institutional investors, whether or not subject to tax, established in a State or territory allowing for an adequate exchange of information with Italy; and (iii) Central Banks or other entities managing, *inter alia*, the official reserves of a foreign State.

To ensure that payment of Interest in respect of Notes is made without the application of *imposta sostitutiva*, investors indicated above must (i) be the beneficial owners of Interest payments (or must be certain non-Italian resident institutional investors); (ii) deposit in due time the Notes together with the relevant coupons (if any) directly or indirectly with an Intermediary; and (iii) file in due time with the relevant depository a declaration, in which they declare that they are eligible to benefit from the applicable exemption from *imposta sostitutiva* (certain non-Italian resident institutional investors may be required to file certain additional documentation). Such declaration is valid until withdrawn or revoked and need not be submitted if a certificate, declaration or other similar document meant for equivalent uses has been submitted previously to the same depository. Failure of a non-resident Noteholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident Noteholder.

Notes classified as atypical securities

Interest payments relating to Notes qualifying as *titoli atipici* ("atypical securities") pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, as amended, are subject to withholding tax levied at a rate of 26 per cent. (final or on account depending on the "status" and tax residence of the Noteholder). The 26 per cent. withholding tax may be reduced under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Fungible issues

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

Capital gains

Italian resident Noteholders

Pursuant to Legislative Decree No. 461 of 21 November 1997 ("**Decree No. 461**") as amended, starting from 1 July 2014 a 26 per cent. Italian capital gains tax ("**CGT**") is in certain cases applicable to capital gains realised on the sale or transfer of the Notes for consideration or on redemption thereof.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

Capital gains deriving from the disposal, sale or redemption of the Notes made starting from 1 July 2014 by Italian tax resident individuals not engaged in entrepreneurial activities to which the Notes are effectively connected, are subject to 26% tax (as substitute tax), pursuant to one of the following regimes::

- (a) pursuant to the tax return regime (Regime della Dichiarazione), which is the standard regime, the Noteholder has to assess the overall capital gains realised in a given fiscal year, net of any relevant incurred capital losses, in his annual income tax return and pay CGT due on capital gains so assessed together with the income tax due for the same fiscal year. Capital losses exceeding capital gains can be carried forward to offset capital gains of the same kind in the following fiscal years up to the fourth. Pursuant to Decree No. 66/2014, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realised before 1 January 2012; (ii) 76.92% of the capital losses realised from 1 January 2012 to 30 June 2014. This regime automatically applies if the Noteholders does not expressly opt for one of the following regimes:
- (b) pursuant to the discretionary investment portfolio regime (*Risparmio Amministrato* regime), the Noteholder may elect to pay CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with an Intermediary and (ii) an express election for the *Risparmio Amministrato* regime being made in due time in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year unless revoked. The Intermediary is responsible for accounting for CGT in respect of capital gains realised on each sale, transfer or redemption of the Notes. Where a particular sale, transfer or redemption of the Notes results in a net loss, the Intermediary is entitled to deduct such loss from gains of the same kind subsequently realised on assets held by the Noteholder with the same Intermediary within the same relationship of deposit, in the same fiscal year or in the following fiscal years up to the fourth. Pursuant to Decree No. 66/2014, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08% of the relevant capital losses realised before 1 January 2012;

- (ii) 76.92% of the capital losses realised from 1 January 2012 to 30 June 2014. Under the *risparmio amministrato* regime, the Noteholder is not required to report the capital gains in his annual tax return; and
- (c) pursuant to the discretionary investment portfolio regime (*Risparmio Gestito* regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains are not subject to CGT, but contribute to determine the annual net accrued result of the portfolio, which is subject to an ad-hoc 26 per cent. substitute tax to be applied on behalf of the Noteholder by the asset management company. Any net capital losses of the investment portfolio accrued at year-end may be carried forward and offset against future net profits accrued in each of the following fiscal years up to the fourth one. Pursuant to Decree No. 66, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return..

Capital gains realised by Italian companies or similar commercial entities (including permanent establishments in Italy of foreign corporation to which the Notes are effectively connected) or by Italian tax resident individuals engaged in entrepreneurial activities to which the Notes are effectively connected, are included in the overall taxable business income subject to corporate or personal income tax, as the case may be (and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for the purposes of the regional tax on productive activities – IRAP).

In the case of Notes held by Funds, capital gains realised upon disposal of the Notes are not taxable at the level of such Funds. Generally, a 26 per cent. withholding tax applies on distributions to the unitholders (on account of taxes or as final tax depending on the status of the unitholder), subject to certain exemptions.

In the case of Notes held by Italian Pension Funds, capital gains on the Notes contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to an 11 per cent. substitute tax, raised to 11.5 per cent for the year 2014. Furthermore, the Italian government has recently published a first draft of the annual Budget Law ("**Legge di Stabilità per il 2015**"); should the draft of Legge di Stabilità per il 2015 be converted into law without relevant changes the above mentioned raised will be rate to 20 per cent.

Capital gains on Notes held by Italian Real Estate Investment Funds are not taxable at the level of same Real Estate Investment Funds, save for the tax regime introduced by Law Decree No. 70 of 13 May 2011 with respect to the taxation of units holders (see paragraph "*Taxation of Interest*" above).

Non-Italian resident Noteholders

The 26 per cent. CGT may in certain circumstances be payable on capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are listed on a regulated market (as defined in the EC Directive No. 2004/39/EC) in Italy or abroad, and that in certain cases subject to timely filing of required documentation (in the form of a declaration - *autocertificazione* - of

non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

- (a) pursuant to the provisions of Legislative Decree No. 461, Law Decree No. 350 of 25 September 2001 and Decree No. 239, as modified in particular by Article 41 of Law Decree No. 269 of 30 September 2003, non-Italian resident beneficial owners of Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to a satisfactory exchange of information (included in the "white list" as amended and supplemented, see paragraph "*Taxation of Interest*" above).

In this circumstance, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains applies on the condition that they file in time with the authorised financial intermediary an appropriate declaration (*autocertificazione*) stating that they meet the requirement of residence, for tax purposes, in one of the above mentioned countries which recognises the Italian fiscal authorities' right to a satisfactory exchange of information;

- (b) non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, subject to the relevant procedural requirements are not subject to taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes.

In these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains generally applies on the condition that they file in time with the authorised financial intermediary appropriate documents which include, *inter alia*, a certificate of residence from the competent tax authorities of the country of residence of the non-Italian resident.

Inheritance and gift taxes

Subject to certain conditions, transfer of Notes, *mortis causa* or by reason of donation, are subject to inheritance and gift taxes.

Inheritance and gift taxes apply according to the following rates and exclusions:

- (a) transfers to spouses and to direct relatives: 4 per cent. on the value of the Notes exceeding €1 million for each beneficiary;
- (b) transfers to brothers and sisters: 6 per cent. on the value of the Notes exceeding €100,000 for each beneficiary;
- (c) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. on the value of the Notes; and
- (d) other transfers: 8 per cent. on the value of the Notes.

If the heir/beneficiary is affected by a handicap deemed “critical”, inheritance and gift taxes apply only on the value of the Notes exceeding €1,500,000.

Transfer tax, stamp duty (bollo) on securities account (deposito titoli) and wealth tax on securities deposited abroad

Contracts relating to the transfer of securities are subject to registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to a lump sum €200 starting from 1 January 2014; (ii) private deeds (*scritture private non autenticate*) should be subject to a lump sum €200 starting from 1 January 2014 only in the case of use or voluntary registration.

The stamp duty applies at a rate of 0.2% for 2014 and is determined on the basis of the market value or, if no market value figure is available, on the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed €14,000 for taxpayers other than for individuals.

Certain aspects of the relevant discipline have been clarified and implemented by Ministerial Decree of 24 May 2012 issued by the Ministry of Economy and Finance.

Under a preliminary interpretation of the law, it may be understood that the stamp duty applies both to Italian resident and non-Italian resident Noteholders, to the extent that Notes are held with an Italian-based financial intermediary.

Pursuant to Article 19(18) of Decree 201, Italian resident individuals holding the Notes outside Italian territory are required to pay an additional tax at a rate of 0.2% as from 2014.

This tax is calculated on the market value of the Notes at the end of the relevant year or, if no market value figure is available, the tax is computed on the nominal value or on the redemption value of the financial assets. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Certain aspects of the relevant discipline have been clarified and implemented by the resolution of the Italian Tax Agency of 5 June 2012.

EU Directive on the Taxation of Savings Income

The Council of the European Union has adopted a directive regarding the taxation of savings income in the form of interest payments (the “**Savings Tax Directive**”). Subject to a number of important conditions being met, Member States are required to provide to the tax authorities of another Member State details of payments of interest or similar income made by a paying agent (within the meaning of the Savings Tax Directive) within its jurisdiction to an individual resident in that other Member State, except for certain EU countries that will instead operate a withholding tax system for a transitional period in relation to such payments unless during such period they elect otherwise. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding tax system in the case of Switzerland).

Implementation in Italy

Italy has implemented the Savings Tax Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and which are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information relating to the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the beneficial owner’s State of residence.

Tax monitoring requirements

Pursuant to Law Decree No. 167 of 28 June 1990, individuals, non-profit entities and certain partnerships (in particular, *società semplici* and assimilated entities referred to in Article 5 of Decree No. 917) resident for tax purposes in Italy are required – under certain conditions – to report in their yearly income tax return, for tax monitoring purposes, the quality and value of securities (including the Notes) held abroad during the tax year.

Such reporting obligation occurs where the same persons mentioned above qualify as beneficial owner ("*titolari effettivi*") of the Notes under the meaning of Article 1(2)(u) and the Technical Annex of the Decree No. 231 of 21 November 2007.

The above persons are, however, not required to comply with the reporting requirements in respect of securities deposited with qualified Italian financial intermediaries and in respect of contracts entered into through their intervention, upon condition that (i) the items of income derived from such securities are collected through the intervention of the same intermediaries (ii) the intermediaries applies the relevant withholding on that income.

Proposed Financial Transaction Tax

On 14 February 2013, the European Commission published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). The Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and it may therefore be altered prior to any implementation. In addition, other EU Member States may decide to participate.

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

Foreign Account Tax Compliance Act

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer any paying agent, the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA withholding. However, definitive notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca IMI S.p.A., DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and Raiffeisen Bank International AG (the “**Dealers**”). The arrangements under which the Issuer may agree from time to time to sell Notes and the relevant Dealer(s) may agree to purchase are set out in an amended and restated Dealer Agreement dated 16 December 2014 (the “**Dealer Agreement**”) and made between the Issuer and the Dealers.

Any agreement for the sale and purchase of Notes 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.

United Kingdom

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 of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy except:

- (i) to qualified investors (*investori qualificati*) as defined in Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended (otherwise known as the *Regolamento Emittenti* or the “**Issuers’ Regulations**”); or
- (ii) in any other circumstances where an express exemption from compliance with the rules on public offerings applies, as provided under Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (otherwise known as the *Testo Unico della Finanza* or the “**TUF**”), and Article 34-ter of the Issuers’ Regulations.

Any such 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 Italy in accordance with the TUB, the TUF, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the TUB and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy or by Italian persons outside of Italy; and
- (c) in compliance with any other applicable laws and regulations or notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

France

Each Dealer has represented, warranted and undertaken to the Issuer and each other Dealer (if any) that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and it has not distributed or caused to be distributed, and will not distribute or

cause to be distributed, to the public in France the Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), other than individuals, as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession, 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 have in their possession, 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 change(s), or 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 paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will (if required by applicable law) be set out in a supplement to this document.

GENERAL INFORMATION

Listing and admission to trading

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.

However, Notes may be issued pursuant to the Programme which will (i) be listed or admitted to trading on such other or further stock exchanges, markets and/or quotation systems as the Issuer and the relevant Dealer(s) may agree or (ii) not be listed or admitted to trading on any stock exchange, market or quotation system.

For the purposes of obtaining admission of any Tranche of Notes to trading on a regulated market in a Member State of the European Economic Area (an "**EEA Member State**"), the Issuer may, on or after the date of this Base Prospectus, make applications to the CSSF for one or more certificates of approval under Article 18 of the Prospectus Directive (as implemented in Luxembourg) to the competent authority of any other EEA Member State.

Authorisations

The 2014 update of the Programme has been authorised by a resolution of the Board of Directors of the Issuer dated 8 October 2014. 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.

Use of proceeds

The net proceeds of the issue of each Tranche of Notes will be applied by the Issuer to meet part of its general funding requirements.

Litigation

There are no governmental, legal or arbitration proceedings in the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its Subsidiaries and, so far as the Issuer is aware, no such proceedings are pending or threatened.

No material adverse change / significant change

Since 31 December 2013, there has been no adverse change in the prospects of the Issuer that is material in the context of the Programme or the issue of the Notes and no significant change in the financial or trading position of the Issuer and its Subsidiaries.

Documents available for inspection

For so long as the Programme remains in effect or any Notes shall be outstanding, copies of the following documents may be inspected during normal business hours at the Specified Office of the Fiscal Agent, namely:

- (a) this Base Prospectus and any future prospectuses, offering circulars, information memoranda and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference;
- (b) a certified copy of the By-laws of the Issuer;
- (c) the Agency Agreement;
- (d) the Deeds of Covenant;

- (e) the Programme Manual (which contains the forms of the Notes in global and definitive form).
- (f) 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 nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Fiscal Agent as to its holding of Notes and identity); and
- (g) the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012; in each case together with the accompanying notes and auditors reports.

The Issuer does not currently publish consolidated financial statements.

Interests of natural and legal persons involved in the issue of Notes

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with and may perform services for the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" also includes parent companies.

In relation to the issue and subscription of any Tranche of Notes, fees and/or commissions may be payable to the relevant Dealer(s).

The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

Yield for Fixed Rate Notes

For any Tranche of Fixed Rate Notes, the applicable Final Terms will provide an indication of the yield. As set out in those Final Terms, the yield will be calculated at the Issue Date on the basis of the Issue Price but should not be regarded as an indication of future yield.

Clearing of the Notes

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and International Securities Identification Number for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through any additional or alternative clearing systems, the appropriate information will be specified in the applicable Final Terms.

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

THE ISSUER

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LUXEMBOURG PAYING AGENT

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