

Base Prospectus



BANCA POPOLARE DELL'ALTO ADIGE VOLKSBANK Soc. Coop. per azioni
(incorporated with limited liability as a società cooperativa per azioni under the laws of the
Republic of Italy)
€1,000,000,000

Euro Medium Term Note Programme

This document has been approved as a base prospectus (the "**Base Prospectus**") issued in compliance with Directive 2003/71/EC and amendments thereto (including Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area (the "**EEA**")) (the "**Prospectus Directive**") by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the *loi relative aux prospectus pour valeurs mobilières* dated 10 July 2005 which implements the Prospectus Directive in Luxembourg. Application has been made by Banca Popolare dell'Alto Adige Volksbank Soc. Coop. per azioni ("**Banca Popolare Alto Adige**" or the "**Issuer**") for notes ("**Notes**") issued under the €1,000,000,000 Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof to be listed on the official list and admitted to trading on the regulated market of the Luxembourg Stock Exchange, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (each such regulated market being a "**Regulated Market**"). The Programme also allows for Notes to be unlisted or to be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer.

There are certain risks relating to the Issuer and the Notes which potential investors should ensure they fully understand. See "Risk Factors" on page 1.

As more fully set out in "*Taxation*", payments of interest, premium and other income on Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are subject in principle to a 26 per cent. substitutive tax (increased from 20 per cent. as of 1 July 2014, pursuant to Law Decree no. 66 of 24 April 2014) referred to as the *imposta sostitutiva*, in certain circumstances. In order to obtain exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other income relating to the Notes, each Noteholder not resident in the Republic of Italy is generally required to certify that such Noteholder is eligible for the exemption, as more fully set out in the section "*Taxation*".

Pursuant to the Programme, the Issuer may from time to time issue Notes in bearer form denominated in any currency agreed between the Issuer and Natixis and any additional dealer appointed under the Programme from time to time (each a "**Dealer**" and together the "**Dealers**"). No Notes may be issued under the Programme which have a minimum denomination of less than €100,000 (or equivalent in another currency). The aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described herein). The CSSF gives no undertaking as to the economic or financial opportuneness of the transaction or the quality and solvency of the Issuer in line with the provisions of article 7 (7) of the Luxembourg Prospectus Law.

Notes issued pursuant to the Programme may be rated or unrated. When an issue of Notes is rated, its rating will not necessarily be the same as the ratings assigned to Notes already issued. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EU) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (or is endorsed and published or distributed by subscription by such a credit rating agency in accordance with the Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Arranger and Dealer
NATIXIS

21 July 2014

IMPORTANT NOTICES

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

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

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

The Issuer has confirmed to the Dealers that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information which is (in the context of the Programme and the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions, expectations or intentions expressed herein are honestly held or made and are not misleading in any material respect; that 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 and 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.

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

This Base Prospectus may only be used for the purposes for which it has been published. The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession

this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Notes, see "Subscription and Sale" 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 none of them should be considered as a recommendation by the Issuer, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise), business, prospects or general affairs of the Issuer and its subsidiaries.

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €1,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes, calculated in accordance with the provisions of the Dealer Agreement (as defined under "Subscription and Sale")). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "Subscription and Sale".

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

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

In connection with the issue of any Tranche of Notes under the Programme, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date

on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

MARKET INFORMATION AND STATISTICS

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

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RISK FACTORS

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

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in "Forms of the Notes" and "Terms and Conditions of the Notes" or elsewhere in this Base Prospectus have the same meaning in this section. Prospective investors should read the entire Base Prospectus.

Factors that may affect the Issuer's ability to fulfil its obligations under the Notes

Competition in the Italian market

Competition is intense in all of the Issuer's primary business areas in Italy. The Issuer derives nearly all of its banking income from its banking activities in Italy and in particular in Alto Adige where 47% of its branches are based, a mature market where competitive pressures have been increasing quickly and which is currently going through a process of consolidation, with large banking groups undergoing mergers and acquisitions to achieve greater economies of scale. The banking sector has also seen the emergence in recent years of alternative distribution channels for many of the products that the Issuer offers. Other factors which may affect competition include consumer demand, technological changes and the regulatory framework. The implementation of the euro has also resulted in increased cross-border competition. Competitive pressures could result in increased pricing pressures on a number of the Issuer's products and services, particularly as competitors seek to win market share, and may harm its ability to maintain or increase profitability.

Changes in the Italian and European regulatory framework could adversely affect the Issuer's business

The Issuer is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the public authority responsible for regulating the Italian securities market), the European Central Bank, the European System of Central Banks and the CSSF in Luxembourg.

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. Any changes in how such regulations are applied or the implementation of the Basel Capital Accord (Basel II and Basel III) on capital

requirements for financial institutions, may have a material effect on the Issuer's business and operations.

As some of the banking laws and regulations affecting the Issuer have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial conditions, each flows or operational results of the Issuer.

Evolving regulatory environment

Banca Popolare Alto Adige's business is governed by Italian domestic and European Union legislation relating to the financial and banking sectors and is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the public authority responsible for regulating the Italian securities market), the European Central Bank and the European System of Central Banks.

Banca Popolare Alto Adige has as its corporate object, the raising of funds for investment and the provision of credit in its various forms. The banking laws to which Banca Popolare Alto Adige is subject govern the activities in which banks may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, Banca Popolare Alto Adige 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.

Extensive legislation affecting the financial services industry has recently been adopted in Italy, the European Union and other jurisdictions, and regulations are in the process of being implemented. In Italy, the Bank of Italy issued the Circular 263/2006 of 27 December 2006 to implement the Basel II framework (the new Basel Capital Accord and Community Directives 2006/48/EC relating to the taking up and pursuit of the business of credit institutions and 2006/49/EC on the capital adequacy of investment firms and credit institutions). The said Circular was subsequently amended on 22 December 2010 due to EU Directive 2009/111/EC, which amended EU Directives 2006/48/EC and 2006/49/EC, changing the criteria for assessing capital eligible to be included in Tier I Capital.

The EU Directive 2010/76/EU was issued on 24 November 2010 amending further the EU Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to market conditions, such as:

- an increase in the capital requirements for financial institutions in respect of trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
- a limit on investments in re-securitisations and imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products; and

- a restriction on the remuneration payable to individuals fulfilling roles with a potential impact on a bank's risk profile.

Furthermore on 16 December 2010 and 13 January 2011, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("**Basel III**"), which envisages a substantial strengthening of existing capital rules. The main proposals are summarised as follows:

- raising the quality of the Core Tier 1 capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base and a reform of the capital structure;
- introducing a requirement for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off on the occurrence of a bailout of the institution;
- the strengthening of the risk coverage of the capital framework;
- promoting the build-up of capital buffers; and
- introducing a new leverage ratio as well as short-term and long-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio).

Finally, on 26 June 2013 the European Union issued the following legislative documents that implement the Basel III requirements:

- Regulation (EU) N. 575/2013 (CRR) on prudential requirements for credit institutions and investment firms;
- EU Directive 2013/36/EC (CRD IV), on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms;

In Italy, the Bank of Italy issued the Circular 285/2013 of 17 December 2013 to implement the Basel III framework. The new regulatory framework begins on 1 January 2014; however, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time.

These and any additional legislative or regulatory actions in Italy, the European Union or other countries, and any required changes to the Issuer's business operations resulting from such legislation and regulations, could result in significant loss of revenue, limit the ability of the Issuer to pursue business opportunities in which they might otherwise consider engaging, affect the value of assets that the Issuer holds, require the Issuer to increase its prices and thereby reducing demand for its products, impose additional costs on the Issuer or otherwise adversely affect their businesses. Accordingly, the Issuer cannot provide assurance that any such new legislation or regulations would not have an adverse effect on their respective businesses, results of operations or financial condition in the future.

The Issuer may also face increased compliance costs and limitations on their ability to pursue certain business opportunities. Changes in regulations, which are beyond their control, may have a material effect on their respective businesses and operations. As some of the banking

laws and regulations have been recently adopted, the manner in which those laws and related regulations are applied to the operations of financial institutions is still evolving. Moreover, no assurance can be given generally that laws or regulations will be adopted, enforced or interpreted in a manner that will not have material adverse effect on the Issuer's business.

Impact of events which are difficult to anticipate

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

Changes in interest rates

Fluctuations in interest rates in Italy influence the Issuer's financial performance. The results of the Issuer's banking operations are affected by the Issuer's management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Issuer's financial condition or results of operations.

Market declines and volatility

The results of the Issuer are affected by general economic, financial and other business conditions. During a recession, there may be less demand for loan products and a greater number of the Issuer's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. The risk arising from the impact of the economy and business climate on the credit quality of the Issuer's borrowers and counter-parties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

Credit and market risk

To the extent that any of the instruments and strategies used by the Issuer to hedge or otherwise manage its exposure to credit or market risk are not effective, the Issuer may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Issuer's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The Issuer's financial results also depend upon how effectively the Issuer determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

Protracted market declines and reduced liquidity in the markets

In some of the Issuer's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Issuer cannot close out deteriorating positions in a timely

way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the Issuer using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Issuer's operation, results and financial condition.

In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Issuer's securities trading activities and its asset management services, as well as the Issuer's investments in and sales of products linked to the performance of financial assets.

Risk management and exposure to unidentified or unanticipated risks

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

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.

Historical Information

The historical, financial and other information set out in the sections headed "Description of the Issuer" and "Summary Financial Information relating to the Issuer", and in the financial statements of the Issuer incorporated by reference in this Base Prospectus, represents the historical experience of Banca Popolare Alto Adige. There can be no assurance that the future experience and performance of the Issuer will be similar to the past experience described in this Base Prospectus.

Risk arising from the sovereign debt crisis

At the date of this Base Prospectus, the debt crisis in the Eurozone, started in 2010, is not yet terminated and continues to impact the economical context of many countries, including Italy. In addition, 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 might be 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.

Risks related to the structure of a particular issue of Notes

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

Notes subject to optional redemption by the Issuer

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Redemption for regulatory reasons

In addition, the Issuer may also, at its option, redeem Subordinated Notes following a Regulatory Event in accordance with Condition 10(c) (*Redemption for regulatory reasons*). To the extent required by the Applicable Banking Regulations, any redemption of the Subordinated Notes shall be subject to the prior approval of the Bank of Italy, as further set out in Condition 10(f) (*Redemption of Subordinated Notes*).

CMS Linked Interest Notes

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

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

Fixed Rate Notes

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

Variable rate Notes with a multiplier or other leverage factor

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

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

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

Subordinated Notes

If the Issuer is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors) in full before it can make any payments on the Subordinated Notes. If this occurs,

the Issuer may not have enough assets remaining after these payments to pay amounts due under the Subordinated Notes. Furthermore, repayment of principal on the Subordinated Notes, whether at the Maturity Date or otherwise, may be subject to the approval of the Bank of Italy to the extent required by the Applicable Banking Regulations.

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

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

Risks related to Notes generally

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

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria and Luxembourg are instead required (unless during that period they elect otherwise) to apply a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the EU Savings Tax Directive which, if implemented, may amend or broaden the scope of the requirements described above. On 18 March 2014, the Luxembourg government submitted to the Luxembourg Parliament the draft Bill No. 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft Bill is in line with the announcement of the Luxembourg government of April 2013.

A number of non-EU countries (including Switzerland) and certain dependent or associated territories of certain Member States (including Switzerland), have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State.

On 24 March 2014, the Council of the European Union formally adopted a Council Directive amending the EU Savings Tax Directive and broadening 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 EU Savings 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.

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 as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State who is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

Taxation

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

U.S. Foreign Account Tax Compliance Withholding ("FATCA")

Whilst the Notes are in global form and held within Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see *Taxation – Foreign Account Tax Compliance Act*). However, FATCA may affect payments made to custodians or intermediaries in the subsequent 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 payment to any ultimate investor that is a financial institution that is 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 payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose its custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for them to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them. The Issuer's obligations under the Notes are discharged once it has paid the ICSDs and the Issuer has therefore no responsibility for any amount thereafter transmitted through the hands of the ICSDs.

Regulatory classification of the Notes

If any Subordinated Notes are issued under the Programme, the Issuer's intention is that they should qualify on issue as "Tier II capital", for so long as this is permitted under Bank of Italy regulations. Current regulatory practice by the Bank of Italy does not require (or customarily provide for) a confirmation prior to the issuance of Subordinated Notes that the Notes will be treated as such. There can be no representation that any such Subordinated Notes will

continue to qualify as "Tier II capital" during the life of the Notes or that the Notes will be grandfathered under the implementation of further EU capital requirement regulations. If the Notes are not grandfathered, or for any other reason cease to qualify, as "Tier II capital", the Issuer will (if so specified in the applicable Final Terms) have the right to redeem the Notes in accordance with Condition 10(c) (*Redemption and Purchase - Redemption for regulatory reasons*), subject to the prior approval of the Bank of Italy. There can be no assurance that holders of such Notes will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investments in the relevant Notes, as the case may be.

Taxation

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

Change of law

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

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

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

Delisting of the Notes

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

Denominations and restrictions on exchange for Definitive Notes

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

Risks related to the market generally

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

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

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

past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

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

Credit ratings

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the assigning rating agency at any time.

Notwithstanding the above, any adverse change in an applicable credit rating could adversely affect the trading price for the Notes issued under the Programme.

Legal investment considerations may restrict certain investments

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

GENERAL DESCRIPTION OF THE PROGRAMME

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

Issuer: Banca Popolare dell'Alto Adige Volksbank Soc. Coop. per azioni

Arranger: Natixis

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

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

Listing, Approval and Admission to Trading: The CSSF has approved this Base Prospectus as a base prospectus in compliance with the Prospectus Directive. Application has also been made for Notes issued under the Programme to be listed on the official list of and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading (as the case may be) on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to each Series. 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 €1,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

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

Final Terms: Each Tranche will be the subject of Final Terms which, for the purposes of that Tranche only, completes the Terms and

Conditions of the Notes and this Base Prospectus and must be read in conjunction with this Base Prospectus. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as completed by the relevant Final Terms.

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

Forms of Notes:

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

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

Currencies:

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

Status of the Notes:

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

(i) Status of the Senior Notes:

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

(ii) Status of the Subordinated Notes:

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

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

Issue Price:

Notes may be issued at any price, as specified in the relevant Final Terms. The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

Maturity Period:

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

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

Where Notes have a Maturity Period of less than one year and either (a) the issue proceeds are received by the Issuer in the

United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.

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

The redemption at maturity of Subordinated Notes shall be subject to the prior approval of the Bank of Italy, to the extent required by the Applicable Banking Regulations. If such approval is not given on or prior to the relevant redemption date, the Issuer will re-apply to the Bank of Italy for its consent to such redemption forthwith. The Issuer will use its best endeavours to maintain the required regulatory capital and to obtain such approval.

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

Tax or Regulatory Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons or, in the case of Subordinated Notes, for regulatory reasons, as described in Condition 10(b) (*Redemption for tax reasons*) and Condition 10(c) (*Redemption for regulatory reasons*).

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

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

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

- Negative Pledge: The Senior Notes will have the benefit of a negative pledge, as described in Condition 4(c) (*Negative Pledge*).
- Cross Default: The Senior Notes will have the benefit of a cross default as described in Condition 13(a) (*Events of Default of Senior Notes*).
- Taxation: All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, the Issuer will (subject as provided in Condition 12 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required.
- However, as more fully set out in Condition 12 (*Taxation*), the Issuer will not be liable to pay any additional amounts to Noteholders with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") on account of Italian substitute tax (*imposta sostitutiva*), as defined therein in relation to interest or premium payable on, or other income deriving from, any Notes. See "Taxation" below.
- Governing Law: English law, except for Condition 5 (*Status of Subordinated Notes*), 10(f) (*Redemption of Subordinated Notes*) and 13(b) (*Events of Default of Subordinated Notes*) and any non-contractual obligations arising from or connected with those Conditions, which are governed by, and shall be construed in accordance with, Italian law.
- Enforcement of Notes in Global Form: In the case of Global Notes, individual investors' rights against the Issuer will be governed by a Deed of Covenant dated 21 July 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. Where an issue of Notes is rated, its rating will not necessarily be the same as any rating applicable to the Programme. Details of the rating, if any, attributable to a series of Notes will be specified in the relevant Final Terms. **A rating is not a**

recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Whether or not each credit rating applied for in relation to the relevant Series of Notes will be (1) issued by a credit rating agency established in the European Union 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 European Union but will be endorsed by a credit rating agency which is established in the European Union and registered under the CRA Regulation or (3) issued by a credit rating agency which is not established in the European Union but which is certified under the CRA Regulation will be disclosed in the Final Terms.

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation unless (i) the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the European Union which is certified under the CRA Regulation.

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 European Economic Area, the United Kingdom, Italy, France and Japan, see "Subscription and Sale" below.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include risks relating to competition and other operating and general banking risks, such as credit risk and interest rate risk. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and include risks related to the structure of a particular issue of Notes and risks common to the Notes generally.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012, together with the accompanying notes and auditors' report incorporated by reference, which form part of this Base Prospectus, save that any statement contained in the documents incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this Base Prospectus.

The audited non-consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012 have been prepared in accordance with international accounting standards IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and shall be deemed to be incorporated by reference in, and to form part of, this Base Prospectus, together (where applicable) with the accompanying notes and auditors' reports, save that any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded to the extent that a statement contained in any document subsequently incorporated by reference by way of supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such statement.

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

Cross-reference list

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

Audited Annual Financial Statements

	2013	2012
	<i>(pdf document page numbers)</i>	
<i>Non-consolidated</i>		
Balance sheet	Page 71	Page 84
Statement of income	Page 72	Page 85
Statement of changes in equity	Pages 74-75	Pages 87-88
Cash flow statement.....	Page 76	Page 89
Accounting policies and explanatory notes	Pages 78-265	Pages 91-254
Auditors' review/reports.....	Page 69	Pages 81-82

The information incorporated by reference that is not included in the cross-reference lists above is considered additional information and is not required by the relevant schedules of Commission Regulation (EC) No. 809/2004 (as amended).

FURTHER PROSPECTUSES AND SUPPLEMENTS

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

The Issuer has given an undertaking to the Dealers that, if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to the information contained in this Base Prospectus which is capable of affecting the assessment of the Notes, it shall prepare and publish a supplement to this Base Prospectus in accordance with Article 13 of the Prospectus Directive or a replacement Base Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

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

FORMS OF THE NOTES

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

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

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

Temporary Global Note exchangeable for Permanent Global Note

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

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

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and

- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

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

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

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

Temporary Global Note exchangeable for Definitive Notes

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

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

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons (as defined herein) attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange.

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

Permanent Global Note exchangeable for Definitive Notes

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

- (i) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (ii) at any time, if so specified in the relevant Final Terms; or
- (iii) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 13 (*Events of Default*) occurs.

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii)

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

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 45 days of the bearer requesting such exchange. Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

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

TERMS AND CONDITIONS OF THE NOTES

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

1. Introduction

- (a) *Programme*: Banca Popolare dell'Alto Adige Soc. Coop. per azioni (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement*: The Notes are the subject of an issue and paying agency agreement dated 21 July 2014 (the "**Agency Agreement**") between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the other paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes*: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available during normal business hours at the Specified Office of the Fiscal Agent, the initial Specified Office of which is set out below.
- (e) *Summaries*: Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Definitions and Interpretation

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

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

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

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

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

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

"**Broken Amount**" has the meaning given 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 the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

- (i) "**Following Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) "**Modified Following Business Day Convention**" or "**Modified Business Day Convention**" means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) "**Preceding Business Day Convention**" means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

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

"Calculation Agent" means the Fiscal Agent or such other Person specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s);

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

"CMS Rate" 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 U.S. dollars, the principal New York City office of five major banks in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five major banks in the Relevant Financial Centre inter-bank market, in each case selected by the Calculation Agent;

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

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

"CRD IV" means the CRD IV Directive, the CRR and any CRD IV Implementing Measures;

"**CRD IV Directive**" means Directive 2013/36 of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC;

"**CRD IV Implementing Measures**" means any regulatory capital rules implementing the CRD IV Directive or the CRR which may from time to time be introduced, including, but not limited to, delegated or implementing acts (regulatory technical standards) adopted by the European Commission, national laws and regulations, and regulations and guidelines issued by the Bank of Italy, the European Banking Authority or any other relevant authority, which are applicable to the Issuer (on a standalone basis) or the Issuer together with its consolidated Subsidiaries (on a consolidated basis) and which prescribe the requirements to be fulfilled by financial instruments for inclusion in the regulatory capital of the Issuer (on a standalone or consolidated basis);

"**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 amending Regulation No. 648/2012;

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

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

number of days in such Regular Period and (2) the number of Regular Periods in any year;

- (c) If "**Actual/365 (Fixed)**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 365;
- (d) If "**Actual/360**" is specified, the actual number of days in the Calculation Period in respect of which payment is being made divided by 360;
- (e) If "**30/360**", "**360/360**" or "**Bond Basis**" is specified, the number of days in the Calculation Period in respect of which payment is being made divided by 360, calculated on a formula basis as follows:

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

Where

"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; and

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

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

where:

"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.

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

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

where:

"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 Termination 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.

"**Deed of Covenant**" means the deed of covenant dated 21 July 2014 relating to the Notes executed by the Issuer;

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

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

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

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

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

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

"Final Redemption Amount" means, in respect of any Note, its principal amount;

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

"Government Entities" means any body, agency, ministry, department, authority, statutory corporation or other entity of or pertaining to the Republic of Italy or the government thereof or any political subdivision, municipality or local government thereof (whether autonomous or not);

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

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

"Indebtedness" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised under any note purchase facility;

- (ii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;
- (iii) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and
- (iv) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of borrowing.

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

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

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

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

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

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

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

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

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

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

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

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

"**Material Subsidiary**" means a Subsidiary:

- (i) whose net revenues or net assets (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 3 per cent. of the consolidated net revenues or, as the case may be, the consolidated net assets of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the latest financial statements (consolidated or, as the case may be, non-consolidated) of the Subsidiary and the then last audited consolidated financial statements of the Issuer and its Subsidiaries, *provided that* where a Subsidiary is acquired after the end of the financial period to which the then latest audited consolidated financial statements of the Issuer relate, the reference to such financial statements shall be construed as if such Subsidiary had been shown in such financial statements by reference to the then latest relevant financial statements of such Subsidiary, adjusting the latest audited consolidated financial statements of the Issuer in accordance with provisions contained in CONSOB communication No. DEM/1052803 of 5 July 2001 for the preparation of pro forma financial information (as the same may be amended, supplemented or replaced from time to time); or
- (ii) to which is transferred all or substantially all of the business, undertaking and assets of another Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon (a) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (b) the transferee Subsidiary shall immediately become a Material Subsidiary, *provided that*, on or after the date on which the financial statements are published in respect of the financial period during which such transfer occurred, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of sub-paragraph (i) above.

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

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

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

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

the external auditors of the Issuer and certified in writing by two directors of the Issuer;

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

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

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

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

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

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

"Payment Business Day" means:

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

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

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

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

"Prudential Regulations for Banks" means the Bank of Italy's *Disposizioni di Vigilanza per le Banche*, as set out in Bank of Italy Circular No. 285 of 17 December 2013, as amended or supplemented from time to time, including any successor regulations;

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

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

"Rate of 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;

"Reference Banks" has the meaning given in the relevant Final Terms or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

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

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

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

"Regular Period" means:

- (i) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;

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

"**Regulatory Event**" is deemed to have occurred if there is a change in the regulatory classification of the Subordinated Notes that would be likely to result in their exclusion, in whole or, to the extent permitted by the Applicable Banking Regulations, in part, from Tier II Capital of the Issuer and both of the following conditions are met: (i) the Relevant Authority considers such a change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the Relevant Authority that the change in regulatory classification of the Notes was not reasonably foreseeable as at the Issue Date;

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

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

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

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

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

"**Relevant Swap Rate**" means:

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

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

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

"Reserved Matter" shall have the meaning given to it in the Agency Agreement and includes, *inter alia*, any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency of any payment under the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution;

"**Security Interest**" means any mortgage, charge, pledge, lien or other form of encumbrance or security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

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

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

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

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

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

"**Subordinated Notes**" means Notes intended to qualify as Tier II Capital for regulatory capital purposes, in accordance with Part II, Chapter 1 of the Prudential Regulations for Banks and Article 63 of the CRR;

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

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, or are required to be, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

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

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

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

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

"**Treaty**" means the Treaty establishing the European Union, as amended; 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; and
- (vii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "**not applicable**" then such expression is not applicable to the Notes.

3. **Form, Denomination and Title**

The Notes are in bearer form in the Specified Denomination(s) with Coupons and, if specified in the relevant Final Terms, Talons attached at the time of issue. In the case of a Series of Notes with more than one Specified Denomination, Notes of one Specified Denomination will not be exchangeable for Notes of another Specified Denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no Person shall be liable for so treating such holder. No Person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

4. **Status of Senior Notes and Negative Pledge**

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

- (c) *Negative Pledge*: So long as any Note remains outstanding, the Issuer shall not, and shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or any Guarantee of any Relevant Indebtedness without at the same time or prior thereto securing the Notes equally and rateably therewith.
- (d) *Covered Bonds*: The provisions under Condition 4(c) (*Negative Pledge*) shall not apply to any Security Interest over assets granted or created by (i) the Issuer or (ii) a Material Subsidiary of the Issuer or (iii) a special purpose vehicle incorporated under Law No. 130 of 30 April 1999 (as amended) ("**Law 130**") issuing a Guarantee of any Relevant Indebtedness, in each case pursuant to the provisions of Article 7-*bis* and Article 7-*ter* of Law 130, where such assets are comprised of the following:
- (i) receivables on loans in respect of land, buildings or other real property assets, if secured by a mortgage over such land, buildings and real property assets; or
 - (ii) receivables against debtors who are Government Entities or receivables guaranteed by Government Entities; or
 - (iii) notes, bonds or other securities held by the Issuer and issued by a Person other than the Issuer, where such notes, bonds or securities are secured in favour of the holders of such notes, bonds or securities by a Security Interest over assets of the kind described in sub-paragraphs (i) or (ii) above or where the holders of such notes, bonds or securities have the benefit of a segregation of such assets,

provided, however that this Condition 4(d) shall only disapply the provisions of Condition 4(c) (Negative Pledge) to the extent that such Security Interest is created for the purpose of (i) securing Relevant Indebtedness of the Issuer under covered bonds issued by the Issuer or (ii) securing a Guarantee in respect of Relevant Indebtedness of the Issuer under covered bonds.

- (e) *State Guarantee*: The provisions under Condition 4(c) (*Negative Pledge*) shall not apply to any Security Interest given or deemed to be given, in favour of any Government Entities pursuant to Article 1-*bis*, first paragraph of Italian Law Decree No. 155 of 9 October 2008, as converted into law and amended by Law No. 190 of 4 December 2008 and as amended, supplemented and/or re-enacted from time to time.

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*: Subordinated Notes and any related Coupons constitute direct, unsecured and subordinated obligations of the Issuer and, subject to the provisions of this Condition 5, will at all times rank *pari passu* without any preference among themselves. In relation to each Series of Subordinated Notes, all Subordinated Notes of such Series will be treated equally and all amounts paid by the Issuer in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

- (c) *Winding up, etc.:* In the event of the winding up, dissolution, liquidation or 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 as the case may be, will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Coupons) of the Issuer but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer.
- (d) *Waiver:* Each holder of a Subordinated Note is deemed unconditionally and irrevocably to have waived any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes only if (a) the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable or (b) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Fixed Rate Note Provisions are stated to apply.
- (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 and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Fixed Rate Note comprises more than one Calculation Amount, the Amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the

amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

7. **Floating Rate and CMS Linked Interest Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if (a) the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are specified in the relevant Final Terms as being applicable or (b) if a Change of Interest Basis is specified in the relevant Final Terms as being applicable, in respect of those periods for which the Floating Rate Note Provisions or the CMS Linked Interest Note Provisions are stated to apply.
- (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 for Floating Rate Notes other than CMS Linked Interest Notes:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and "CMS Rate" is not specified as the Reference Rate in the Final Terms, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

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

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

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

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

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

- (e) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction

if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
 - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.
- (f) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount during such Interest Period and multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified currency (half a sub-unit being rounded upwards). For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where the Specified Denomination of a Floating Rate Note or CMS Linked Interest Note comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.
- (h) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

- (i) *Notifications, etc.:* All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 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. **Change of Interest Basis**

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 6 (*Fixed Rate Note Provisions*) or Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*), each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a "**Switch Option**"), having given notice to the Noteholders in accordance with Condition 19 (*Notices*) on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

"**Switch Option Expiry Date**" and "**Switch Option Effective Date**" shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 19 (*Notices*) prior to the relevant Switch Option Expiry Date.

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

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 12 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy ("**Italy**") or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, and

- (C) in the case of Subordinated Notes only, the Issuer has demonstrated to the satisfaction of the Relevant Authority that such change is material and was not reasonably foreseeable at the Issue Date,

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 to the Fiscal Agent (A) a certificate signed by a legal representative of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 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) applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.
- (ii) *Redemption:* If, at any time the Issuer determines that a Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer (subject to Condition 10(f) (*Redemption of Subordinated Notes*) below), in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor a CMS Linked Interest Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or a CMS Linked Interest Note), on giving not less than 15 nor more than 30 days' notice to the Fiscal Agent and, in accordance with Condition 19 (*Notices*) to 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 two authorised signatories of the Issuer stating that the said circumstances prevail and describe the facts leading thereto, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Upon the expiry of any such notice as is referred to in this Condition 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) described in the relevant Final Terms,

together (if appropriate) with interest accrued to (but excluding) the date of redemption.

- (d) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Final Terms as being applicable, the Notes may (subject, in the case of Subordinated Notes, to prior approval of the Bank of Italy) be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).
- (e) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 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 listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 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 less than the minimum so specified.
- (f) *Redemption of Subordinated Notes:* Subordinated Notes shall have a minimum Maturity Period of five years, as provided under the Prudential Regulations for Banks.

Notwithstanding the foregoing provisions of this Condition 10: (i) to the extent required by the Applicable Banking Regulations, the redemption of any series of Subordinated Notes at their Maturity Date shall be subject to the prior approval of the Bank of Italy; and/or (ii) the early redemption of any series of Subordinated Notes shall always be subject to the prior approval of the Bank of Italy. Failure to redeem any such Notes where such consent has not been granted shall not constitute a default of the Issuer for any purpose.

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

- (g) *Redemption at the option of Noteholders:*
 - (i) *Application:* This Condition 10(g) (*Redemption at the option of Noteholders*) is applicable only to Senior Notes and if the Put Option is specified in the relevant Final Terms as being applicable.

- (ii) *Put Options:* The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 10(g), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 10(g), 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(g), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
 - (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 10(a) (*Scheduled redemption*) to (g) (*Redemption at the option of Noteholders*).
 - (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.
- Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the relevant Final Terms for the purposes of this Condition 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 at any time purchase Notes in the open market or otherwise and at any price, *provided that:*
 - (i) all unmatured Coupons are purchased therewith; and

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

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 10(h)(*Payments other than in respect of matured coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in 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 specifies that the Fixed Rate Note Provisions are applicable and a Note is presented without all unmatured Coupons relating thereto:
 - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for

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

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

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

- (f) *Unmatured Coupons void*: If the relevant Final Terms specifies that this Condition 11(f) is applicable or that the Floating Rate Note Provisions or CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption in whole of such Note pursuant to Condition 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(g) (*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 under Condition 11(c) (*Payments in New York City*)).

- (i) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) attached to the Notes, the Talon attached to such Note may be exchanged at the Specified Office of the Fiscal Agent for further Coupons, as the case may be (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 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 whatever nature imposed, levied, collected, withheld or assessed by or on behalf 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) 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
 - (ii) 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
 - (iii) by an Italian resident, to the extent that interest is paid to an Italian individual or an Italian legal entity not carrying on a business (including, but not limited to (A) partnerships, de facto partnerships not carrying on a business and professional associations, (B) public and private resident entities, other than companies, not carrying on a business, and (C) certain other Persons exempt from corporate income tax) or to such other Italian resident entities which have been or may be identified by Legislative Decree 239 of 1 April 1996 and related regulations of implementation which have been or may subsequently be enacted ("**Decree 239**"); or
 - (iv) in all circumstances in which the requirements and procedures set forth in Decree 239 have not been met or complied with except where such requirements and procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
 - (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EU implementing the conclusions of the ECOFIN Council meeting of

26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (vi) 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
 - (vii) 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
- (b) *Taxing jurisdiction:* If the Issuer becomes subject at any time to any taxing jurisdiction other than Italy, references in these Conditions to Italy shall be construed as references to Italy and/or such other jurisdiction.

13. **Events of Default**

- (a) *Events of Default of Senior Notes:* This Condition 13(a) is applicable only to Notes specified in the relevant Final Terms as Senior Notes. If any of the following events occurs:

- (i) *Non-payment:* the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any interest in respect of the Notes within five Business Days of the due date for payment thereof;
- (ii) *Breach of other obligations:* the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Agency Agreement and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent;
- (iii) *Cross-default of Issuer or Material Subsidiary:*
 - (A) 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;
 - (B) 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 otherwise than at the option of the Issuer or such Subsidiary of the Issuer; or
 - (C) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (A) and/or sub-paragraph (B) above and/or the amount payable under any Guarantee referred to in sub-paragraph (C) above individually or in the aggregate exceeds €5,000,000 (or its equivalent in any other currency or currencies);

- (iv) *Unsatisfied judgment*: one or more judgment(s) or order(s) for the payment of any amount exceeding €5,000,000 is 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 therein specified for payment;
- (v) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries over a material part of the property, undertaking, assets or revenues of the Issuer or any such Material Subsidiary becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar officer);
- (vi) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, undertaking, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 120 days;
- (vii) *Insolvency etc*: (A) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator of the Issuer or any of its Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries is appointed (or application for any such appointment is made), (C) 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 (D) 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 Consolidated Banking Law or *amministrazione straordinaria* pursuant to Article 70 *et seq.* of the Consolidated Banking Law (within the meaning ascribed to those expressions by the laws of the Republic of Italy) or similar proceedings in any other jurisdiction;
- (viii) *Winding-up etc*: (A) an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries or (B) the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and the assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries;
- (ix) *Analogous event*: any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (iv) to (viii) above;

- (x) *Failure to take action etc:* any action, condition or thing (including, without limitation, the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, or order, at any time required to be taken, fulfilled or done in order (A) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, the Agency Agreement and the Deed of Covenant (B) to ensure that those obligations are legal, valid, binding and enforceable and (C) to make the Notes, the Coupons, the Agency Agreement and the Deed of Covenant admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or
- (xi) *Unlawfulness:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes, the Agency Agreement or the Deed of Covenant,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Termination Amount together with accrued interest (if any) without further action or formality unless prior to such date all Events of Default in respect of all Notes that are outstanding have been cured.

- (b) *Events of Default of Subordinated Notes:* This Condition 13(b) is applicable only to Notes specified in the relevant Final Terms as Subordinated Notes. If any of the following events occurs:
 - (i) *Winding-up etc:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer (otherwise than for the purposes of and pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or
 - (ii) *Analogous event:* any event occurs which under the laws of Italy has an analogous effect to any of the events referred to in paragraph (i) (*Winding up, etc.*) above,

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

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 listing authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Paying Agent having its Specified Office in the place required by such listing authority, stock exchange and/or quotation system), subject to all applicable laws and listing authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

16. **Agents**

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

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

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

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

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

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

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

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 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 published in London (which is expected to be the *Financial Times*) and, if the Notes which are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in either case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

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 English law, except for Conditions 5 (*Status of Subordinated Notes*), 10(f) (*Redemption of Subordinated Notes*) and 13(b) (*Events of Default of Subordinated Notes*) which are governed by and shall be construed in accordance with Italian law.
- (b) *English courts:* The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum:* The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

- (d) *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 London Branch at 10 Aldersgate Street, London EC1A 4HJ 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 Parts 34 and 37 of the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer, the Issuer shall, on the written demand of any Noteholder addressed and delivered to the Issuer or to the Specified Office of the Fiscal Agent, appoint a further Person in England to accept service of process on its behalf and, failing such appointment within 15 days, any Noteholder shall be entitled to appoint such a Person by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law. This Condition applies to Proceedings in England and to Proceedings elsewhere.

FORM OF FINAL TERMS

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

Final Terms dated []

Banca Popolare Dell'alto Adige Volksbank Soc. Coop. per azioni

Issue of [*currency*] [*amount*] [*description*] Notes

under the €1,000,000,000

Euro Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Base Prospectus dated 21 July 2014 [and the supplemental Base Prospectus dated [*insert date*] [*delete if not applicable*],] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of 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 the Base Prospectus.

Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [*address*] and [*website*] and copies may be obtained from [*address*].] The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

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

1. [(i)] [Series Number:] []
- [(ii)] [Tranche Number:] []
- [(iii)] Date on which the Notes become fungible [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [•] on [[•]/the Issue Date/exchange of the Temporary Global Note for interests

in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to be on or about [•].]

2. Specified Currency or Currencies: []
(Condition 2(a) (*Interpretation – "Specified Currency"*))
3. Aggregate Nominal Amount: []
[(i) [Series:]] []
[(ii) [Tranche:]] []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date]] (*in the case of fungible issues only, if applicable*)
5. (i) Specified denominations: [] [and integral multiples of [] in excess thereof up to and including []]. No Notes in definitive form will be issued with a denomination above [].]
(Condition 2(a) (*Interpretation – "Specified Denomination(s)"*))
(The minimum denomination of Notes admitted to trading on a regulated market within the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount of such currency))
(Notes including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)
- (ii) Calculation Amount: (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
(Condition 2(a) (*Interpretation – "Calculation Amount"*)))

two or more Specified Denominations.)

6. [(i)] Issue Date: []
(Condition 2(a) (*Interpretation – "Issue Date"*))
- [(ii)] Interest Commencement Date (if different from the Issue Date): [Specify/Issue Date/Not Applicable]
(Condition 2(a) (*Interpretation – "Interest Commencement Date"*))
7. Maturity Date: [Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]
(Condition 2(a) (*Interpretation – "Maturity Date"*))
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Notes must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the FSMA must be available.]*
8. Interest Basis: [[] per cent. Fixed Rate]
(Condition 6 (*Fixed Rate Note Provisions*) / Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*) and Condition 9 (*Zero Coupon Note Provisions*)) [[•] per cent. Fixed Rate from [•] to [•], then [•] per cent. Fixed Rate from [•] to [•]]
[[EURIBOR]/[LIBOR] +/- [] per cent. per annum Floating Rate]
[CMS Linked Interest]
[Zero Coupon]
(further particulars specified below)
9. Change of Interest Basis Provisions: [Applicable / Not Applicable]
(If applicable, specify the date when any fixed to floating rate or viceversa change occurs or cross refer to items 12 and 13 (as appropriate) below and identify there)
(If not applicable, delete the remaining

sub-paragraphs of this paragraph)

(N.B. To be completed in addition to items 12 and 13 (as appropriate) if any fixed to floating or fixed reset rate change occurs)

- (i) Reset Date(s) [•]
- (ii) Switch Options: [Applicable – [specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies]/[Not Applicable]
- (N.B. The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 19 on or prior to the relevant Switch Option Expiry Date)*
- (iii) Switch Option Expiry Date: [•]
- (iv) Switch Option Effective Date: [•]
10. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
(Condition 10(g) (*Redemption and Purchase – Redemption at the option of Noteholders*) or (Condition 10(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 10(e) (*Redemption and Purchase – Partial redemption*))
11. Status of the Notes: [Senior Notes [Subordinated Notes]]
(Condition 4 (*Status of Senior Notes and Negative Pledge*) or Condition 5 (*Status of Subordinated Notes*))

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12. **Fixed Rate Note Provisions:** [Applicable/Not Applicable / (*if a Change of Interest Basis applies*): Applicable for the period starting from [and including] [•] ending on [but excluding] [•]]
- (Condition 6 (*Fixed Rate Note Provisions*)) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)

- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(Condition 6(b) (*Fixed Rate Note Provisions – Accrual of Interest*))
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(Condition 2(a) (*Interpretation – "Interest Payment Date"*))
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Condition 2(a) (*Interpretation – "Fixed Coupon Amount"*)) (*Specify different Fixed Coupon Amounts if different Rates of Interest are specified as being applicable in respect of different Interest Periods*)
- (iv) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(Condition 2(a) (*Interpretation – "Broken Amount"*))
- (v) Day Count Fraction: [Actual/Actual]/[Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[Actual/365 (Fixed)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[30E/360 (ISDA)]/[Eurobond basis]
13. **Floating Rate Note Provisions:** [Applicable/Not Applicable (*if a Change of Interest Basis applies*): Applicable for the period starting from [and including] [•] ending on [but excluding] [•]]
(Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*)) (*If not applicable, delete the remaining sub-paragraphs of this paragraph.*)
- (i) Interest Payment Dates: []
(Condition 2(a) (*Interpretation – "Interest Payment Date"*))
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
(Condition 2(a) (*Interpretation – "Business Day Convention"*))
- (iii) Specified Period: [Not Applicable]/[]
(Condition 2(a) (*Interpretation –*

"Specified Period")

- (iv) Additional Business Centre(s): [Not Applicable/[]]
- (Condition 2(a) (*Interpretation – "Additional Business Centre(s)"*))
- (v) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*))
- (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 *(no need to specify if the Fiscal Agent is to perform this function)*]
- (Condition 2(a) (*Interpretation – "Calculation Agent"*))
- (vii) Screen Rate Determination:
- (Condition 7 (*Floating Rate and CMS Linked Interest Note Provisions*))
- Reference Rate: [EURIBOR/LIBOR/CMS Rate/[]]

(Condition 2(a) (*Interpretation – "Reference Rate"*))

 - Reference Banks [Not Applicable/[]]

(Condition 2(a) (*Interpretation – "Reference Banks"*))

 - Interest Determination Date(s): []

(Condition 2(a) (*Interpretation – "Interest Determination Date"*))

(in the case of a CMS Rate where the Reference Currency is euro):[Second day on which the TARGET2 System is open prior to the start of each Interest Period]

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

 - Relevant Screen Page: [For example, Reuters page EURIBOR01]

(Condition 2(a) (*Interpretation –*

"Relevant Screen Page")) *(In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions)*

- Relevant Time: *[For example, 11.00 a.m.[London/Brussels] time]*
(Condition 2(a) (*Interpretation – "Relevant Time"*))
- Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*
(Condition 2(a) (*Interpretation – "Relevant Financial Centre"*))
- [Reference Currency:] []
(*only relevant where the CMS Rate is the Reference Rate*)
(Condition 2(a) (*Interpretation – "Reference Currency"*))
- [Designated Maturity:] []
(*only relevant where the CMS Rate is the Reference Rate*)

Condition 7(d) (*Floating Rate and CMS Linked Interest Note Provisions - Screen Rate Determination for Floating Rate Notes which are CMS Linked Interest Notes*))

(viii) ISDA Determination:

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

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

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

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

(Condition 2(a) (*Interpretation –*

"Margin"))

- (x) Minimum Rate of Interest: [Not Applicable/[] per cent. per annum]
Condition 7(f) (*Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest*)
- (xi) Maximum Rate of Interest: [Not Applicable/[] per cent. per annum]
Condition 7(f) (*Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest*)
- (xii) Day Count Fraction: [Actual/Actual (ICMA)]/
[Actual/365]/
[Actual/Actual (ISDA)]/
[Actual/365 (Fixed)]/
[Actual/360]/[30/360]/[30E/360]/
[Eurobond basis]
14. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
Condition 9 (*Zero Coupon Note Provisions*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Accrual Yield: [] per cent. per annum
(Condition 2(a) (*Interpretation – "Accrual Yield"*))
- (ii) Reference Price: []
(Condition 2(a) (*Interpretation – "Reference Price"*))

PROVISIONS RELATING TO REDEMPTION

15. **Call Option:** [Applicable/Not Applicable]
Condition 10(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
and Condition 10(e) (*Redemption and Purchase – Partial Redemption*)
- (i) Optional Redemption Date(s) (Call): []
(Condition 2(a) (*Interpretation – "Optional Redemption Date (Call)"*))
- (ii) Optional Redemption Amount(s) [] per Calculation Amount

(Call):

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

(iii) If redeemable in part:

(a) Minimum Redemption Amount: []

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

(b) Maximum Redemption Amount: []

(Condition 2(a) (*Interpretation – "Maximum Redemption Amount"*))

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

Condition 10(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 10(e) (*Redemption and Purchase – Partial Redemption*)

16. **Regulatory Call:** [Condition 10(c) is applicable/Not Applicable]

Condition 10(c) (*Redemption and Purchase – Redemption for regulatory reasons*) (*Only applicable for Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph*)

17. **Put Options:** [Applicable/Not Applicable]

Condition 10(g) (*Redemption and Purchase – Redemption at the option of Noteholders*) (*Applicable only to Senior Notes/if not applicable, delete the remaining sub-paragraphs of this paragraph*)

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

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

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

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

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

Condition 910(f) (*Redemption and Purchase – Redemption at the option of Noteholders*))

18. Early Redemption Amount:

Early Redemption Amount(s) payable on redemption for taxation or regulatory reasons or on event of default: [Not Applicable (*if Early Redemption Amount (Tax), Early Redemption Amount (Regulatory Event) and Early Termination Amount are the principal amount of the Notes*)/ specify [•] per

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

GENERAL PROVISIONS APPLICABLE TO THE NOTES

19. 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].

[In relation to any Notes issued with a denomination of €100,000 (or equivalent) and integral multiples of €1,000 (or equivalent), the Permanent Global Note representing such Notes shall only be exchangeable to Definitive Notes in the limited circumstances of (1) closure of the ICSDs; and (2) default of the Issuer.]

20. New Global Note Form:

[Applicable/Not Applicable]

21. Additional Financial Centre(s) or other special provisions relating to Payment

[Not Applicable/give details. Note that *this paragraph relates to the place of*

Business Days: *payment]*

22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): *[Yes/No. If yes, insert as follows:*
One Talon in the event that more than 27 Coupons need to be attached to each Definitive Note. On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.]

[LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €1,000,000,000 Euro Medium Term Note Programme.]

Signed on behalf of the Issuer:

By:

Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

- Ratings: [The Notes to be issued have been rated:
- [Moody's: []]
[[Fitch]: []]
[[Standard & Poor's]: []]
[[Other]: []]]
- (*Insert where the issue has been specifically rated*)
- (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)
- [The following ratings reflect the ratings allocated to the Notes of the type being issued under the Programme generally:
- [[Moody's]: []]
[[Fitch]: []]
[[Standard & Poor's]: []]
[[Other]: []]]
- (*Insert where the issue has not been specifically rated*)
- (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)
- (*Insert the following where the relevant credit rating agency is established in the EEA:)*

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

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

[[*Insert legal name of particular credit rating agency entity providing rating*] is not established in the EEA [but the rating it has given to the Notes is endorsed by [*insert legal name of credit rating agency*], which is established in the EEA and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as being registered] / [but is certified] / [and is not certified under nor is the rating it has given to the Notes endorsed by a credit rating agency established in the EEA and registered] under Regulation (EU) No 1060/2009, as amended (the "**CRA Regulation**").]

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency operating in the EEA before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

(Need to include a brief explanation of the meaning of the ratings if this has previously been published by

the rating provider.)

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

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

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

4. [Fixed Rate Notes only] YIELD

Indication of yield: []

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

Details of historic [LIBOR/EURIBOR/CMS] rates can be obtained from [Reuters] / [Not Applicable].

6. THIRD PARTY INFORMATION

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

7. OPERATIONAL INFORMATION

(i) ISIN: []

(ii) Common Code: []

(iii) New Global Note intended [Yes] [No].
to be held in a manner
which would allow
Eurosystem eligibility

[Yes. Note that the designation "yes" means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction

of the Eurosystem eligibility criteria.]

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

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

DISTRIBUTION

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

10. If non-syndicated, name of [Not Applicable/*give name and address*]
Dealer:

11. US Selling Restrictions: [Reg. S Compliance Category 2 / TEFRA [C/D] Not
Applicable]

SUMMARY 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 7 days of the bearer requesting such exchange.

Whenever a Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Fiscal Agent within 45 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. (Luxembourg time) on the seventh day after the bearer of a Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the forty-fifth day after the bearer of a Temporary Global Note has requested exchange of the Temporary Global Note for Definitive Notes; or
- (c) a Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of a Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such forty-fifth day (in the case of (b) above) or at 5.00 p.m. (Luxembourg time) on such due date (in the case of (c) above) and the bearer of the Temporary Global Note will have no further rights thereunder (but without prejudice to the rights which the bearer of the Temporary Global Note or others may have under a deed of covenant dated 21 July 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.

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

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

Exchange of Permanent Global Notes

Whenever a Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and, where applicable, with Coupons and Talons attached (if so specified in the relevant Final Terms), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Fiscal Agent within 45 days of the bearer requesting such exchange.

If:

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

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

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

Where the Notes are listed on the Luxembourg Stock Exchange and its rules so require, the Issuer will give notice of the exchange of the Permanent Global Note for Definitive Notes pursuant to Condition 19 (*Notices*).

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

Exercise of put option: In order to exercise the option contained in Condition 10(g) (*Redemption at the option of Noteholders*), the bearer of the Permanent Global Note must,

within the period specified in the Conditions for the deposit of the relevant Note and Put Option Notice, give written notice (which, for the avoidance of doubt, may be sent in electronic form) 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. The exercise of the put option shall be effected via Euroclear and Clearstream, Luxembourg.

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).

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 depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system or a common safekeeper, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 19 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; except that for so long as such Notes are admitted to trading on the Luxembourg Stock Exchange and it is also a requirement of applicable laws or regulations, such notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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

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

DESCRIPTION OF THE ISSUER

OVERVIEW

Banca Popolare dell'Alto Adige società cooperativa per azioni (a joint stock cooperative company) (the "**Issuer**" or "**Banca Popolare Alto Adige**") is an Italian commercial bank domiciled in Bolzano which carries out lending and funding transactions and offers a wide range of retail and commercial banking and other financial services to customers in Italy and abroad. The shares of Banca Popolare Alto Adige are not listed on any regulated market.

The Issuer provides a wide range of services both to individual and corporate customers, including current and savings accounts, call and time deposits, short- and medium- term loans, the handling of documentary credit and collection, mutual funds and mortgage credit and advice in relation to securities and foreign exchange.

The Issuer's lending to private clients is concentrated on mortgages and personal loans; corporate lending is primarily geared toward small/medium size manufacturing companies located in the north-east regions of Italy, in the provinces of Bolzano, Trento, Belluno, Treviso, Venice and Pordenone.

Asset management plays an important role in the Issuer's strategy, which increases fee-based revenues while aiming to optimise clients' investment returns. The Issuer sells a wide range of different mutual funds.

INCORPORATION, DURATION AND REGISTERED OFFICE

The Issuer is incorporated under Italian law as a joint stock company with limited liability based on its issued corporate shares (*società cooperativa per azioni*).

Banca Popolare dell'Alto Adige was established in 1992 following the merger of Banca Popolare di Bolzano (founded in 1902) and Banca Popolare di Bressanone (founded in 1889) according to Italian law No. 218/1990 (Legge Amato). In 1995 the Issuer acquired Banca Popolare di Merano (operating since 1886). The duration of Banca Popolare Alto Adige has been established until 31 December 2100, and may be extended thereafter.

The Issuer is registered as follows:

- Registro imprese di Bolzano: No. 00129730214 (Companies Register of Bolzano)
- Albo delle banche, held by Banca d'Italia: No. 3630.1.0 (Bank of Italy, Roll of Banks)
- No. 05856.0 Associazione Bancaria Italiana (Italian Banking Association)

Banca Popolare Alto Adige's registered office and principal place of business is located in Bolzano, Via Siemens 18, Italy, telephone no. +39 0471 996 467.

OBJECT

Under Banca Popolare Alto Adige's by-laws its corporate purpose is to collect savings and carry out other credit activities, operations and banking and financial services in any form (including entering into partnerships in Italy and abroad and issuing of bonds). In addition, Banca Popolare Alto Adige is entitled to perform, in compliance with applicable laws and

regulations, all banking and financial operations and services, including transactions that would benefit from the recently introduced "European passport" regime, and to carry out any other activity related to its corporate purpose.

SHARE CAPITAL

Pursuant to the resolution of shareholders' meeting on 29th April 2014, the authorised share capital of the Issuer amounted to Euro 152,508,440 divided into 38,127,110 ordinary shares with a par value of Euro 4.00 each. All shares have been issued and are fully paid.

SHAREHOLDERS OF BANCA POPOLARE ALTO ADIGE

The shares of Banca Popolare Alto Adige are not listed on any regulated market. In accordance with the legal structure of "*banche popolari*" as provided by Italian law, each shareholder cannot hold more than 1.00 per cent of the shareholders' equity and is entitled to one vote.

The aforesaid limit to share ownership was introduced by converting in law the decree no. 179/2012 - and intra art. 23-quater - which amends art. 30-par.2 / Testo Unico Bancario (decree-law no. 358/1993), keeping one vote for each shareholder regardless about the number of shares he holds. The increase of the limit from 0.50 per cent to 1.00 per cent is a cautious opening to a greater influence of capital assets in the government of Italian Banche Popolari, maintaining, at the same time, unchanged the principles of "democratic" and "mutual" participation.

Banca Popolare Alto Adige's shareholder structure varies over time, as with all Italian "*banche popolari*".

Pursuant to Italian law the holders of shares in a joint stock cooperative company may only exercise their administrative rights in relation to their admission subject to the approval of the Board of Directors; those holders whom the Board of Directors has refused admission as shareholders are entitled to exercise the economic rights, including the right to receive dividends, accredited to the shares.

MANAGEMENT

The management of the Issuer comprises the Board of Directors, the Board of Statutory Auditors and the General Manager.

Board of Directors

The Board of Directors of Banca Popolare Alto Adige comprises twelve members. The shareholders' meeting held on 29 April 2014 appointed Banca Popolare Alto Adige's Board of Directors for a period of three years. Unless their office is terminated early, all the members will remain in office until the shareholder's meeting called to approve Banca Popolare Alto Adige's financial statements for the financial year ending 31 December 2016.

The Board of Directors is vested with ordinary and extraordinary powers regarding the administration of Banca Popolare Alto Adige, except for those reserved specifically for shareholders by Italian laws and the by-laws of Banca Popolare Alto Adige.

At the date of this Base Prospectus, the members of the Board of Directors, in their capacity domiciled at the Issuer's registered office in via Siemens 18, I-39100 Bolzano, are as follows:

Otmar Michaeler	Chairman
Lorenzo Salvà	Deputy-chairman
Arno Eisendle	Deputy-chairman
Marcello Alberti	Director
Rudolf Christof	Independent Director
David Covi	Independent Director
Philip Froschmayr	Director
Werner Gramm	Director
Lukas Ladurner	Director
Alessandro Marzola	Director
Margit Tauber	Independent Director
Gregor Wierer	Director

Other offices held by members of the Board of Directors

The table below lists the offices on the boards of directors other than those within Banca Popolare Alto Adige held by the members of the Board of Directors

Name	Position	Main positions held outside Banca Popolare Alto Adige
Otmar Michaeler	Chairman Board of Directors	Chairman Board of Statutory Auditors of Borik d.d. – Zadar (HR) CEO of DOMM Manage-&Investment GmbH – Wien (A) CEO of FFM GmbH – Wien (A) Deputy Chairman of FMTG Holding srl Chairman Board of Directors of Golframa spa CEO of Hotel am Schottenfeld Betriebs GmbH – Wien (A) Chairman Board of Statutory Auditors of Hoteli Punat d.d. – Punat (HR) CEO of MF Beteiligungs GmbH – Wien (A) Chairman Board of Directors of Michaeler & Partner srl Chairman Board of Directors of Michaeler Management & Investments Srl

		<p>Chairman Board of Statutory Auditors of Punta Skala d.o.o. – Zadar (HR)</p> <p>CEO of FMTG - Falkensteiner Michaeler Tourism Group AG</p> <p>CEO of Hotel Cristallo Besitz GmbH – Wien (A)</p> <p>CEO of Tourismusregion Katschberg GmbH – Rennweg (A)</p>
Arno Eisendle	Deputy Chairman	<p>Chairman Board of Directors of Eisendle Immobilien srl</p> <p>Chairman Board of Directors of Eisendle srl</p> <p>Chairman Board of Directors of ELS srl</p>
Lorenzo Salvà	Deputy Chairman	Senior partner of Salvà Mellarini De Carlo, studio associato
Marcello Alberti	Director	<p>Senior partner of Dottori commercialisti Alberti, studio associato</p> <p>Auditor of Eurostandard spa</p> <p>Chairman Board of Statutory Auditors of Galileo Network srl</p> <p>Auditor of Sec Servizi, Soc.consortile pa</p>
Rudolf Christof	Director	<p>Chairman Board of Directors of Blaue Traube sas di Rudolf Christof & Co.</p> <p>Chairman Board of Directors of Christof snc di Christof Rudolf e Helmuth</p> <p>Chairman Board of Directors of Eppan Event Società Cooperativa</p> <p>Director of Fiera Bolzano spa</p> <p>Chairman Board of Directors of Magazzini Generali / Derrate Bolzano, Ente Pubblico</p> <p>Director of Parolini sas</p>
David Covi	Director	<p>Director of Frumaco Europe srl</p> <p>Partner of G.Gostner & Partner, studio associato</p> <p>Director of Lifecircus Srl</p> <p>Auditor of Wepa Lucca srl</p>
Philip Froschmayr	Director	<p>CEO of Ebawe Anlagentechnik GmbH - Eilenburg (D)</p> <p>Chairman Board of Directors of Echo Precast Engineering N.V.</p> <p>Chairman Board of Directors, CEO of High Tech Industries srl</p> <p>Chairman Board of Directors, CEO of Progress Holding spa</p> <p>Chairman Board of Directors, CEO of Progress Invest spa</p> <p>Chairman Board of Directors, CEO of Progress Maschinen & Automation spa</p>

		Chairman Board of Directors, CEO of Progress spa Chairman Board of Directors, CEO of Proservice srl Director of Sonnlichl società semplice Deputy Chairman of Tecnocom spa Chairman Board of Directors, CEO of TopHaus spa Director of Transbrenner soc.cons.rl Deputy Chairman of Dedeco srl Chairman Board of Directors of Immoheho N.V. Chairman Board of Directors VT Holding Srl Director of Ultra-Span Technologies Inc. (CDN)
Werner Gramm	Director	Chairman Board of Directors of Gramm spa Director of Gramm Werner ditta individuale Director of Marseiler srl Director of Neuer Südtiroler Wirtschaftsverlag srl
Alessandro Marzola	Director	Director of China Invest srl Chairman Board of Directors of Consorzio Esercenti Impianti a Fune Val d'Isarco CEO of Grado Laguna srl Director of Holiday Service srl Director of IRD Analysis GmbH (A) Director of Piz de' Sella spa CEO of Plose Ski spa
Lukas Ladurner	Director	Chairman Board of Directors of Alps Finance srl Chairman Board of Directors, CEO of Bautechnik srl Director of Biokomp Kommerz srl Director of Enerfarm srl Director of Greenvision Ambiente Investment spa Chairman Board of Directors of Ladurner Ambiente spa Chairman Board of Directors of Ladurner Finance spa Chairman Board of Directors of Ladurner Group spa Chairman Board of Directors of Ladurner srl Chairman Board of Directors of LG Immobilien srl Director of LL International spa Chairman Board of Directors, CEO of LM Holding srl Chairman Board of Directors, CEO of LMC Immobilien srl Chairman Board of Directors, CEO of Loex srl Director of Rem-Tec srl

		CEO of S.A. Enersab srl Chairman Board of Directors of S.A. Lagro srl Chairman Board of Directors, CEO of S.A. Martinelle Energia srl Chairman Board of Directors of S.A. Poggio Energia srl Chairman Board of Directors, CEO of Velta Italia srl Chairman Board of Directors Ladurner Bonifiche
Margit Tauber	Director	of none
Gregor Wierer	Director	Chairman Board of Directors of Ariston Gestione srl Chairman Board of Directors of Enzian Bau srl Deputy Chairman of Quartiere Brizzi srl Chairman Board of Directors of Sand09 srl CEO of Wierer Bau spa

General Manager

Pursuant to the by-laws of the Issuer, the General manager, as the head of the operating structure, implements the resolutions of the Board of Directors, conducts the day-to-day operations and affairs of the Issuer and exercises any other power conferred on him by the Board of Directors.

The current General manager of the Issuer is Mr. Johannes Schneebacher, who joined in 2001. His business address is at the registered office of the Issuer.

Board of Statutory Auditors

Under Italian law, the shareholders must appoint a Board of Statutory Auditors (*Collegio sindacale*), composed of three standing auditors and two substitute auditors. The auditors were appointed for a three years term, ending on the date of the shareholders' meeting that approves the Issuer's 2015 annual financial statements.

The statutory auditors are responsible for overseeing the management and verifying compliance with applicable Italian laws and Banca Popolare Alto Adige's by-laws. They are also responsible for ensuring that Banca Popolare Alto Adige's organisation, internal auditing and accounting system are adequate and reliable. They are required to meet on a quarterly basis and are required by law to attend each Board of Directors' meeting.

At the date of this Base Prospectus the members of the Board of Statutory Auditors of the Issuer, in their capacity domiciled at the Issuer's registered office in via Siemens 18, I-39100 Bolzano, were as follows:

Heinz Peter Hager	Chairman of the Board of Statutory Auditors
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Georg Hesse	Standing Auditor
Joachim Knoll	Standing Auditor
Massimo Biasion	Substitute Auditor
Emilio Lorenzon	Substitute Auditor

Other offices held by members of the Board of Statutory Auditors

The table below lists the offices on the boards of statutory auditors than those within Banca Popolare Alto Adige held by the members of the Board of Statutory Auditors

Heinz Peter Hage	Chairman Board of Statutory Auditors	Auditor of 2 G Investimenti spa Chairman Board of Statutory Auditors of A.I.2. Srl Auditor of A4 Holding spa Auditor of ABD Airport spa Chairman Board of Statutory Auditors of Alois Lageder spa Auditor of Autostrada Brescia-Verona-Vicenza-Padova spa Director of Beni Stabili Retail srl Chairman Board of Statutory Auditors of Berofin spa Director of Bohemia Real Estate snc d. Dott. Peter Reichegger & C. Chairman Board of Statutory Auditors of Compagnia Italiana Finanziaria srl Chairman Board of Statutory Auditors of Consorzio dei Concessionari di Linea della Provincia Autonoma di Bolzano Alto Adige Chairman Board of Statutory Auditors of EOS Cooperativa sociale Member of Supervisory board of FMTG A.G. (Austria) Chairman Board of Statutory Auditors of Fondazione Privata Hermann Rubner Auditor of Fri-el spa Auditor of GKN Driveline Brunico spa Auditor of GKN Italia spa Chairman Board of Statutory Auditors of GKN Sinter Metals spa Director of Hager & Partners, studio associato Director of High Tech Industries srl Director of Immobiliare Topone srl Auditor of Iniziative Logistiche srl Member of Supervisory Board of Landhouse Uzavreny Investi Caifonds Chairman Board of Statutory Auditors of Lanificio Moessmer spa Director of Maestrone Project (Holding) SA
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Director of Marmont sas des Heinz Peter Hager
 Director of Michetta snc di Dott. Massimo de Carlo &
 Dott. Heinz Peter Hager
 Director of Museum sas di Heinz Peter Hager & C.
 Director of Prahy Invest GmbH
 Director of Prahy snc di Dott. Peter Reichegger & C.
 Director of Pro Strategy sas di Heinz Peter Hager & C.
 Director of Pro Strategy Srl
 Director of RB International Development Fund I
 S.C.A. SICAR Luxembourg
 Auditor of Re.Consult Infrastrutture srl
 Chairman Board of Statutory Auditors of Röchling
 Automotive Italia srl
 Director of So.GE.A.P. Aeroporto di Parma società per
 la gestione spa
 Director of SOGEAP Aeroporto di Parma spa
 Director of Fondazione Museion – museo d'arte
 moderna e contemporanea
 Chairman Board of Statutory Auditors of Strutture
 Trasporto Alto Adige spa
 Auditor of Technoalpin Snow spa
 Auditor of Technoalpin spa
 Director of Veromoca srl
 Chairman Board of Statutory Auditors of Südtirol
 Finance AG
 Chairman Board of Statutory Auditors of ZH - General
 Construction Company spa

Georg Hesse Auditor

Auditor of Beton Eisack srl
 Auditor of Biopower Sardegna srl
 Auditor of Botzen Invest spa
 Auditor of Eisackwerk Rio Pusteria srl
 Auditor of Eurocar Italia srl
 Auditor of Foppa srl
 Senior partner of Hesse Baldessarelli, studio associato
 Auditor of IPS spa
 Auditor of Pois Holding srl
 Director of Risberg sas di Georg Hesse
 Auditor of Roner spa
 Chairman Board of Directors of Saelen srl

Joachim Knoll Auditor

Auditor of TIWAG Italia srl (in liquidazione)
 Auditor of Hans Klotz srl
 Senior partner of Palla Knoll & Partners, studio
 associato

Massimo Biasin Alternate auditor

Partner of Biasin & Partner Studio associate
 Auditor of Leitwind spa
 Chairman Board of Statutory Auditors of Seetech
 Industries spa

	Auditor of Selnat srl Director of Vamax sas di M.Biasin & Co. Director of Volkswagen Bank GmbH Director of Volkswagen Leasing GmbH
Emilio Lorenzon Alternate auditor	Auditor of Bolzano Energia srl Auditor of Computerlinks spa Auditor of CTM Soc.coop. Auditor of Delmo spa Chairman Board of Statutory Auditors of Joy Toy spa Auditor of Liebherr Emtec Italia spa Partner of Pichler, Dejori, Comploj & Partner, studio associato Auditor of Pramstrahler srl Auditor of Sicet srl Director of Sortimo Italia srl Chairman Board of Statutory Auditors of The Wierer Holding spa Auditor of TIPAL immobiliare spa in liquidazione Auditor of Viega Italia srl

Conflicts of Interest

With Rule 17221 of 12 March 2010 as amended, Consob issued "provisions on transactions with related parties". With document 04.05.2010 the Bank of Italy published the framework of provisions and rules concerning the "new oversight framework on risk and conflict of interest with related parties". The new regulatory provisions (from the Bank of Italy, which are expected to be announced on or about the date of this Base Prospectus) provide that all transactions, with or without payment, the Bank makes with a "related party" (defined by Consob according to IAS no. 24) or with any "associated party" (which the Bank of Italy includes as "related parties" and "parties linked to related parties") should be

- determined;
- tracked according to specific indices (and for the Bank of Italy by prudent ratios);
- where necessary, subject to a special resolution procedure, and
- notified according to special obligations for transparency and accounting.

The special conditions for "procedure", "transparency" and "quantity (as set out by the Bank of Italy)", applicable to these transactions should create an oversight system for transactions with parties that can potentially influence the resolution process when granting credit and when conducting financial negotiations concerning the Issuer which might cause potential damage to the stability of bank equity at the expense of deposit holders and shareholders. Under the regulatory framework company representatives are especially mentioned as well as other parties that can have an influence on bank operations. Furthermore, however, there can also be conflict of interest when the Issuer is significantly exposed to a certain party or when the Issuer holds considerable interests in a company.

The regulatory framework provides that banks should adopt suitable procedures to oversee transactions with related or associated parties (according to their connection with bank decision-makers and their relation with each other).

By resolution on 22 June 2012 the Board of Directors adopted the procedures to apply in order to comply with art. 2391-bis civil code and Consob Regulation no. 17221/2010 and the Bank of Italy rules of 12 December 2011 concerning the "new oversight framework on risk and conflict of interest with related parties".

Starting from 1 January 2011, undertaking any risky operations and any other transfer of resources, services or obligations, regardless of whether payment is provided, enacted by Banca Popolare dell'Alto Adige or by a company directly or indirectly controlled by the Issuer, with "related parties" or with "associated parties" and related parties, such transactions are to be monitored and go through a special resolution and reporting procedure. When these transactions are considerable due to regulatory provisions they should be accounted for in relation to the related party involved and such transactions during the year or carried out for the same purpose and the connection between the related party and associated parties should be assessed.

Starting from 1 January 2012 credit granted to related parties and parties linked to related parties is not allowed to exceed the prudential limit indicated by the Bank of Italy.

In consideration of the organisation of the Issuer at the date of this Base Prospectus, the following are considered as "parties related to Banca Popolare dell'Alto Adige":

- (c) Members of the Board of Directors, standing and substitute statutory auditors, the general manager and his substitute;
- (d) Companies controlled by Banca Popolare Alto Adige or where the Issuer holds considerable influence and companies under control by a company concerning to the bank group.

At the date of this Base Prospectus, the following are considered as parties linked to related parties of Banca Popolare Alto Adige":

- (e) Companies controlled by a party related to Banca Popolare Alto Adige;
- (f) Relatives up to the 2nd degree, spouse (not legally separated) or common-law spouse, children of spouse/common-law spouse of any related party indicated under letter (a);
- (g) Companies, also without legal personality, where a party indicated under letters (a) and (d) holds considerable influence.

In 2013 the Issuer did not enter into any atypical transaction with the members of the Board of Directors, that might give rise to doubt in relation to the safeguarding of the Issuer's assets. All transactions with members of the Board of Directors concern the ordinary activities of the Issuer. They are usually regulated in accordance with market standards and in accordance with supervisory and company regulations.

The Issuer is not aware of any conflict between the duties owed to it by its directors and their other principal activities or their private interests or other duties and there are no activities

performed by the directors of the Issuer outside the Issuer that are significant with respect to the Issuer.

INDEPENDENT AUDITORS

In accordance with applicable Italian laws and regulations, the accounts of the Issuer must be audited by external auditors appointed by a resolution of the ordinary shareholders' meeting. Their appointment must be approved by the Board of Statutory Auditors.

The independent auditors of the Issuer are BDO S.p.A., via Dietro Listone 16, I-37121 Verona who are registered on the special register of accounting firms held by CONSOB.

Pursuant to Italian Legislative Decree No. 38 of 28 February 2005, Italian banks are required to prepare their non-consolidated annual financial statements as at and for the year ending 31 December 2010 in accordance with International Financial Reporting Standards issued by the IASB (International Accounting Standards Board) ("IFRS"), whereas previous financial statements of the Issuer have been prepared in accordance with generally accepted accounting principles in Italy issued by the Consiglio Nazionale dei Dottori Commercialisti e degli esperti contabili ("Italian GAAP").

The statutory financial statements of the Issuer as at and for the years ended 31 December 2012 and 31 December 2013 were audited by BDO S.p.A, in accordance with generally accepted auditing standards and legal requirements in Italy. The auditors have issued opinions thereon and such opinion are not qualified in any way.

ORDINARY SHAREHOLDERS' MEETINGS

Pursuant to the Issuer's by-laws, the ordinary shareholders' meeting is called at least once a year within 120 days of the end of the fiscal year.

FISCAL YEAR

The fiscal year of the Issuer is the calendar year.

BRANCHES

On 31 December 2013, the Issuer had a network of 134 branches located in the Italian north-east provinces of Bolzano, Trento, Belluno, Treviso, Pordenone and Venice.

EQUITY INVESTMENTS

Banca Popolare dell'Alto Adige does not belong to a banking group.

COMPANIES CONTROLLED BY THE ISSUER

Company name	Registered Office	Activity	Total assets	Stake
			31/12/13	
			<i>(euro thousands)</i>	
Voba Invest S.r.l (in liquidazione)	Bolzano	Real estate company	0,502	100,00
Valpolicella Alta Società Agricola S.r.l.	Bolzano	Winery company	5,112	100,00
Orizzonti del Lago S.r.l.	Merano	Real estate company	16,536	0,00
		Private Hospital	8,698	35,00

Casa di cura Villa S, Anna(*)	Chienes	Real estate company	7,074	48,50
Quartiere Brizzi S,r,l, (*)	Trento	Real estate company	0,352	30,00
Tre S,r,l, (*)				

(*) the figures for this equity investment refer to the year ended 31.12.2012

RATING

The rating agencies Moody's Investors Services Inc. ("Moody's") and Standard & Poor's currently assign a rating to the Issuer.

In January 2014 Moody's confirmed the long- and short-term debt and deposit ratings of Banca Popolare Alto Adige at Ba1 / Non-Prime (outlook negative).

In October 2013 Standard & Poor's confirmed the rating of Banca Popolare Alto Adige at "BBB- / A-3" (outlook negative).

DBRS confirmed in May 2014 Banca Popolare Alto Adige's BBB / R-2 (high) Senior Long-Term and Short-Term Debt and Deposits ratings (trend negative).

Credit or corporate ratings may not reflect all risks. One or more independent rating agencies may assign ratings to the Notes and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Notes or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

LITIGATION

In the ordinary course of its business activities as a financial institution, the Issuer is involved in various legal proceedings both as plaintiff and as defendant. These proceedings are managed in accordance with principles of ordinary diligence and care. (See also "General Information - Litigation").

CAPITAL ADEQUACY

The Bank of Italy has adopted risk-based capital ratios pursuant to EU Capital Adequacy Directives, Italy's current requirements are similar to the requirements imposed by the international framework for capital measurement and capital standards of banking institutions of the Basel Committee on Banking Regulations and Supervisory Practices. The capital ratios consist of core (Tier I) and supplemental (Tier II) capital requirements relating to Banca Popolare Alto Adige's assets and certain off-balance sheet items weighted according to risks ("**risk-weighted assets**").

Under the Bank of Italy's regulations, Banca Popolare Alto Adige is required to maintain a total capital ratio (the ratio of total capital to total risk-weighted assets) of a least 8.00 per cent, on a non-consolidated basis.

The following table shows the composition of the Banca Popolare Alto Adige's Regulatory Capital as established by the Bank of Italy's rules on a non consolidated basis as at 31 December 2013 and 31 December 2012:

31/12/2013	31/12/2012
(Audited)	(Audited)

	<i>(euro thousands)</i>	
Tier 1 Capital	571,842	487,564
Tier 2 Capital	1,463	75,208
Tier 3 Capital		
Items for deduction	0	0
Regulatory capital including Tier 3 Capital	573,305	562,772
Capital to cover market risk	1,885	2,566
Capital to cover credit risk	330,246	338,212
Capital to cover other risks	0	0
Capital to cover operational risk	23,359	23,056
Total minimum requirements	355,490	363,834
Free capital ⁽¹⁾	217,815	198,938
Weighted risk assets	4,443,619	4,547,930
Tier 1 risk/Weighted risk assets	12.87%	10.72%
Equity for supervisory purposes/Weighted risk assets	12.90%	12.37%

Notes:

⁽¹⁾ Free capital represents the capital available for investments in fixed assets or equity investments.

FUNDING

The following table provides a breakdown of the Issuer's non-consolidated loan portfolio according to category of debtor and type of loan as at 31 December 2013 and 31 December 2012:

	31/12/2013		31/12/2012	
	<i>(Audited)</i>		<i>(Audited)</i>	
	Value	%	Value	%
	<i>(euro thousands)</i>		<i>(euro thousands)</i>	
Loans to Banks				
Due to central banks	30,353	0.60	31,941	0.62
Repurchase agreements	0	0.00	0	0.00
Current accounts	7,446	0.15	12,758	0.25
Deposits	0	0.00	0	0.00
Financing	6,210	0.12	3,220	0.06
Other	75,216	1.49	108,593	2.10
Total loans to banks	119,225	2.36	156,512	3.03
Loans to customers				
Current accounts	1,357,920	26.93	1,464,550	28.31
Repurchase agreements	19,635	0.39	34,074	0.66
Mortgages	2,987,456	59.26	2,933,125	56.70
Credit card and personal loans	78,513	1.56	69,935	1.35
Leasing	0	0.00	0	0.00
Factoring	0	0.00	0	0.00
Other	478,919	9.50	514,804	9.95
Securities	0	0	0	0
Total loans to customers	4,922,443	97.64	5,016,488	96.97
Total loans	5,041,668	100.00	5,173,000	100.00

NON-PERFORMING LOANS

The following table sets out non-consolidated information regarding the Issuer's non-performing loans (where the borrower is insolvent or in a comparable position, regardless of any forecast or actual losses, excluding off-balance sheet exposure) as at 31 December 2013 and 31 December 2012:

	31/12/2013		31/12/2012	
	<i>(Audited)</i>		<i>(Audited)</i>	
	Value	%	Value	%
	<i>(euro thousands)</i>		<i>(euro thousands)</i>	
Non-performing loans, nominal	494,991	9.82	467,025	9.03
Provisions	128,827	2.56	132,300	2.56
Non-performing loans, net	366,164	7.26	334,725	6.47

LOAN LOSSES AND PROVISIONS

The following table sets out non-consolidated information regarding the Issuer's loan losses and provisions as at 31 December 2013 and 31 December 2012 (excluding off-balance sheet exposure):

	31/12/2013	31/12/2012
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>(euro thousands)</i>	
Total loans to customers, net exposure	4,922,443	5,016,488
Write-downs effected against loans and allocations for guarantees and commitments	23,260	21,587
Total provision for loan losses	152,087	153,887
Write-downs as percentage of loans to customers(*)	0,47%	0,43%
Total provision for loan losses as percentage of loans to customers (*)	3,09%	3,07%

Notes:

(*) For the purpose of calculating the ratio, loans to customers include the total provision for loan losses.

OFF BALANCE SHEET EXPOSURE

The following table sets out non-consolidated information regarding the Issuer's off balance sheet exposure as at 31 December 2013 and 31 December 2012:

	31/12/2013	31/12/2012
	<i>(Audited)</i>	<i>(Audited)</i>
	Value	Value
	<i>(euro thousands)</i>	
Impaired off balance sheet exposure, nominal	7,214	8,215
Other off balance sheet exposure, nominal	529,667	433,271
Portfolio adjustments	278	887
Impaired off balance sheet exposure, net	7,013	7,328
Other off balance sheet exposure, net	529,590	433,271

STRATEGY

The 2014-2016 business plan, approved by the Board of Directors of the Issuer on 13 December 2013, was launched at the beginning of 2014. Such business plan, in addition to being in line with the recent past and defining targets for the consolidation of the operative management and improvement of the economic results of Banca Popolare Alto Adige, sets the basis to create value for shareholders.

The Board of Directors set the following strategic guidelines to pursue further improvements in productivity, efficiency and profitability of Banca Popolare Alto Adige by the end of 2016:

- strengthening the market expansion in Italy's north-east (in the provinces of Bolzano, Trento, Belluno, Treviso, Venice and Pordenone) through an organic growth in the areas of greatest potential;
- growth through re-engineering of central processes;
- differentiation from other competitors through a high standard of services, ICT-enforced channel management and maintaining trust & confidence in business relationship;
- USP strategies;
- Improvement of skills, improvement of permanent learning attitudes and creation of learning organisation systems;
- growth through high standards in corporate governance, controls and risk management and an adequate capital ratio

CREDIT RISK MANAGEMENT AND RECOVERY POLICIES

Organisational issues

Credit risk is the risk of incurring losses due to a default by a counterparty or the risk that a debtor or counterparty fails to meet its financial obligations (specifically with regard to failure to repay loans). This is one of the main risk that the Issuer faces, affecting all financial activities, in particular loans, securities, and all committed facilities in relation to guarantees issued or as funding for distribution commitments. Its analysis mainly involves the quality and reliability of debtors and risk concentration.

Under the Issuer's internal rules on credit management, risk assessment is based on prudence. The full documentation that is required for a suitable assessment to be made of a debtor's creditworthiness is obtained at the time of application for a loan. The documentation obtained must permit an assessment of the appropriate level of the amount, the form the loan is to take and the project that is being financed. It must also permit a determination to be made as to the debtor's characteristics and qualities, also in light of the dealings they have had with Banca Popolare Alto Adige in the past, taken as a whole.

Where there are connections of a legal or financial nature between customers (as stated in the Supervisory Instructions (*Istruzioni di Vigilanza*) of the Bank of Italy, Title IV, Chapter 5), such persons are taken to comprise a single set in terms of the risk profile, that is to say, they represent a group (an economic group or a risk group).

At the time a loan is granted or renewed, there is an obligation to examine the current risks the applicant presents, and that of any group with which they are connected.

When customer risk increases, the aim of credit management is to contain the Issuer risk by promptly taking all such measures as may be necessary.

In order to maintain correct and prudent credit management, in accordance with the Supervisory Instructions (Title IV, Chapter 11, Section II), Banca Popolare Alto Adige has introduced appropriate systems for the identification, measurement and control of risks.

These controls form an integral part of the Issuer's daily activities and may be divided into three categories:

- *line controls*: these are carried out by management of the organisational unit of the retail network (especially through limit excess and unpaid instalment verification performed by branches by means of special procedures and periodic progress report analysis) and by services functionally dependent on the credit management department (offices responsible for credit assessment and the anomalous loans analysis department);
- *special monitoring*: these are carried out by the 2nd level independent audit offices, i.e. risk management, compliance and the manager in charge. The risk management office is in charge of carefully monitoring credit risk: by seeking to establish methods for measuring risk, checking that limits imposed are adhered to and to checking that transactions are carried out consistently;
- *Audits*: performed by the internal auditing service as part of their direct and remote auditing duties, for the purpose of verifying credit quality, the accuracy of procedures, and conscious decision-making by the relevant departments responsible for allocating and managing credit.

Management, measurement and monitoring systems

The lending process has the following structure:

- grant of the loan, which comprises: application, review, approval, completion of loan and any security provided;
- credit management, which comprises: drawings, monitoring, loan reviews, irregular loan management; and
- management of non-performing loans and credit recovery.

The first and most important stage in measuring and managing credit risk takes place at the time the loan is granted and in particular in the initial application process, when the persons involved are identified, the documentation is assembled and reviewed, the various databases consulted and the offer drawn up.

The application procedure is supported by different forms of information technology and different skilled personnel structures depending on the kind of customer involved (private individuals, small business, corporate). In any case the decision whether to grant the loan in question is made by the branch or local area if the sums do not exceed certain thresholds and by central bodies for greater amounts; information technology is used to make an assessment of creditworthiness at the time new loans are granted using both internal and external information sources.

Notwithstanding the above, the Board of Directors retains full discretion with regard to the risks that may be accepted; the Chairman enjoys certain powers reserved by the by-laws and the Executive Committee enjoys certain powers where matters are urgent. The maximum credit limit for an economic group or individual counterparty that is not a bank or belonging

to a banking group is calculated as the 10% of the Supervisory Assets ("Patrimonio di Vigilanza") (Euro 57,33 million at 31 December 2013).

Among the credit risk monitoring and management tasks, use of the internal rating system is particularly important in allowing credit managers to verify developments in customer credit ratings and identify positions under their control that show a drop in the rating. This system, which has been operative for approximately nine years, is based on a scoring system which gives the customer a ranking based on a sliding scale of credit quality. Its calculation is based on performance indicators regarding the loan and various information from the Issuer's computer systems which enable any variation in the level of risk associated with the counterparty to be detected. The data management by the internal rating system is subject to constant analysis and verification by the Risk Management Service, particularly to measure and verify the system's predictive capacity for all customer types by means of appropriate statistical approaches.

The process to monitor credit is also guaranteed over the long-term by an automatic classification system for irregular positions (GDC, Credit Management), which uses an early warning engine to detect any substandard situations, starting from the performance rating and a series of daily indicators. In addition to the usual risk classes for impaired credit established by the supervisory body (past-due, substandard, problem, restructured and non-performing loans), the system also provides two classes for performing customers:

- positions "under observation", which are those that show minor and/or repeated irregularities that network managers can manage and monitor;
- "high risk" positions, i.e., positions that continuously and repeatedly show performance-type irregularities or negative trends in the risk centre or for which particular negative events occur for which (under observation and high risk).

Deteriorated financial activities

All debtors for whom particularly serious signals or events occur are defined as impaired, and in turn allocated to one of the following categories according to level of impairment:

- bad debts, inclusion of positions under this category regards bankrupt entities, even if not yet legally confirmed, or in an essentially equivalent position, as a result of which legal or other action is taken to settle or recover the exposure;
- watch-list, positions marked by ongoing irregularities in performance (persistent exceeding of limits, instalments in arrears, zero movement, etc.), system-related (property actions, injunction orders, seizure, mortgage foreclosure, etc.), drastic deterioration in the financial and/or profitability or financial statements position, lack of funds for reimbursement), from which it could be presumed that the debtor is in real difficulty, also with the risk of insolvency, that could however be recovered in a reasonable period of time. Also under this category are all the positions which the Issuer considers it recommendable to allocate funds to a provision for risks (loss forecast);
- substandard loans, which, under the regulatory provisions (item 2367 of the Issuer accounting manual), are positions that:

- are loans secured by mortgage guarantees granted for the purchase of homes, property for residential use or leased to the debtor, after issue of the foreclosure notice to the debtor;
- are outstanding loans remaining unpaid for more than 270 days and the total of which (before or after the 270 days) is at least 10% of the entire exposure recorded for that debtor;
- restructured, positions for which the Issuer, in accordance with the regulatory provisions (item 2477 of the accounting manual), grants a moratorium for the payment of debt, allows amendments to the original contractual terms due to deterioration of the economic-financial condition at lower-than-market rates;
- past due, positions that, in accordance with the Bank of Italy standards (Circular no. 263 dated 27.12.2006 as amended), show a continued uncovered situation of more than 90 days and where the exposure is higher than 5% of the overall exposure in the observation period;

Alongside the sales network impaired credit not classed as a bad debt is also monitored by the Anomalous Loans Analysis Service, whose mission is essentially insolvency prevention.

Specifically, the steps to be taken for positions classed as watch list include:

- immediate review of the position and any related positions (guarantor, affiliated, partner, associate companies), updating the relevant documentation and any estimates on guarantees granted;
- review of the terms applied in order to take into account the debtor's deteriorated risk profile;
- verification of the quality and total of guarantees issued;
- set-up of a restructuring plan with the aim of turning around the position and improving guarantees through the definition of a detailed recovery plan submitted to the appropriate internal body for decision.

The Issuer's management of bad-debt loans and credit collection is handled by the Service for Bad Debts, a department which for legal action makes use of specialist internal staff and a specific IT procedure for accounting procedures.

Debt collection activity is proactive and aims to optimise legal proceedings and maximise the financial result. In particular, with regard to assessment of the initiatives to be taken, in-house legal advisors prefer out-of-court action, often with recourse to settlement agreements, which have a positive impact on collection times and the level of costs sustained. Where this solution cannot be carried out in a reasonable timeframe, especially for more significant positions and positions in which a higher level of collection can be expected, external legal advisors are appointed to instigate legal action which always constitutes a valid and fundamental coercive means to the debtor and a tool to resolve litigation. Credit that is minimal, irrecoverable or difficult to collect is generally treated en masse and subjected to disposal transactions without recourse, given that legal action would be considered uneconomic in cost-benefit terms, or is assigned to a specialist credit collection company.

For the financial statements the value adjustments for performing and non-performing loans are calculated according to current regulatory provisions and in a way to obtain a valuation that is as prudent and conservative as possible. In particular, bad debts are subject to analytical assessment to define provisions for expected losses. For each position, and for each relationship within the position, the extent of the expected loss is analytically calculated on the basis of debtor solvency, the type of guarantee, the current status of proceedings taken and, above all, on the value of the guarantees. The estimates are always calculated using maximum prudence criteria and performed or validated by qualified internal personnel, organisationally independent of the credit disbursement/assessment/collection processes. In addition, these always take into account the need to realise the asset immediately and, according to IAS 39, are subject to cash discounting criteria.

The correct implementation of bad debt management and assessment activity is also ensured by periodic audits performed internally, by the internal auditing, and externally by the Board of Statutory Auditors and independent auditors.

FINANCIAL RISK MANAGEMENT

Market risk is defined as the risk of loss on owned financial instruments from possible fluctuations in financial market variables (rates, volatility, exchange rates, share prices), considering that each individual financial instrument may be exposed to one or more of these risks. Banca Popolare dell'Alto Adige therefore measures market risk as changes in the value due to market fluctuations.

The internal market-risk control and management processes (interest rate and pricing) are contained in the Risk Policy of the Finance Department, and in the document "Limits and operating powers for the finance department and liquidity", both subject to periodic review and consideration by the Board of Directors.

The policy formalises the performance of risk management activities concerning market risks, it defines the tasks and the responsibilities assigned to the various organisational units having expertise on the matter and specifies, among other things, the main operating processes, the methods of measurement, the exposure limits, the information flows, and any corrective measures.

The investments and trading activity is therefore performed in conformity with the internal policy and is carried out within a structured internal regulatory system of delegations of management powers which provides for operational limitations defined in terms of negotiable financial instruments, amounts, duration, investment markets, issue and issuer-types, sector, and rating.

Risk monitoring is carried out by the Risk management department that produces a daily and monthly report subject to scrutiny by the Internal finance Committee (weekly) and the Finance Committee (monthly). The latter sets the risk management policy in the context of the strategy contained in the annual Operating Plan.

With regard to the processes and methods of market risk monitoring and management, the indicators monitored and their related limits are provided below, together with first and second level internal audit processes on overall trading portfolio transactions. In general, the limits are classified according to the various types of market risk (interest rate, price and pricing), but are in any event managed within a single framework based on similar logic.

The authorisation structure for finance operations is based on four levels:

- operating limits;
- position limits: credit risk and concentration;
- stop-loss limits;
- Value-at-Risk ("VaR") limits.

The thresholds at which the limits are set at the beginning of each financial year by a resolution of the Issuer's Board of Directors.

The finance division determines, by agreement with the risk management division, the terms and limits upon the assumption of risks in operating terms, for all those units that incur market risks.

Responsibility for daily checks upon operating, position and stop loss limits falls to the risk management service.

VaR represents an estimate of the maximum potential loss of a portfolio of securities in unfavourable market conditions. The compliance of risk profiles with the limits set in terms of VaR is ensured by the daily monitoring performed by the risk management office. In calculating this measure Banca Popolare dell'Alto Adige uses an approach based on a confidence interval of 99 per cent and a holding period of ten days.

OPERATIONAL RISK

In line with the supervisory provisions, operational risk is defined as the risk of incurring losses due to errors, violations, interruptions, exogenous events or damages deriving from malfunctions in the internal processes or the unsuitability of people and/or systems. Operational risks include, among other things, the ensuing losses from theft and fraud, human errors, interruptions of operations, the unavailability of systems, executions of transactions, breaches of contract, data processing, damage to real property, and natural catastrophes.

The risk management function guarantees that these risks are monitored, drawing on the following guidance:

- prevent the occurrence or reduce the probability of events occurring that could potentially generate operating losses, through the appropriate legal, organisational, procedural and training activities;
- attenuate the expected effects of these events;
- enhance the overall operational efficiency;
- protect the bank's reputation and image.

Activities in monitoring and management of the operational risk are not only for the purpose of obtaining theoretical benefits in respect of asset requirements, but rather to achieve an effective understanding at all levels of the potential risks inherent in the Issuer's daily activities and to take all necessary steps to effectively mitigate and reduce such risks.

The monitoring of operating risks is guaranteed by the adoption of an internal control system, which, along with the supervisory provisions, is organised into three levels, with each level governing the specific aspects pursuant to its role, the functions prepared for the line controls, risk management controls, compliance controls and internal control activities:

- line controls performed by the branches and internal services;
- second level controls, carried out by specialist internal bodies such as for example risk management, compliance, and
- audits, performed by the internal auditing office as part of its direct audit and remote monitoring duties;

In addition, monitoring of the operating risks uses the results from the monitoring and analyses of operating losses contained in the periodic report drawn up by the risk management department and related discussions by the operating risk committee.

Since 2003, Banca Popolare dell'Alto Adige has used a system for detecting and measuring operational losses with the purpose of improving management of potential sources of risk that could undermine company stability. This system, employed by the Issuer, follows a similar initiative applied on a national scale by the Italian Banking Association (ABI). With the DIPO project (Italian database of operational losses) ABI is attempting to inform banks on how to implement these procedures and create a national databank that would allow banks to obtain more extensive and meaningful statistical data.

Notwithstanding the above-mentioned procedures, monitoring and control, it is not possible from the outset to prevent the occurrence of events that may cause unforeseeable losses.

RECENT DEVELOPMENTS

On 26 June 2014, the Issuer published a press release announcing that it has made a binding offer for Banca Popolare di Marostica with a view to it becoming part of the Issuer's group. The binding offer is currently being considered by the board of directors of Banca Popolare di Marostica and, if accepted, the Issuer will start exclusive negotiations in relation to the purchase.

OVERVIEW FINANCIAL INFORMATION RELATING TO 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.

Since 2006, the Issuer has prepared its annual financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular 262 of 22 December 2005 and related transitional regulations in Italy ("**IFRS**"), Accordingly, all of the following financial information of the Issuer incorporated by reference in this Base Prospectus has been prepared in accordance with IFRS.

The annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 31 December 2012 have been audited by BDO S.p.A. which has been appointed to audit the Issuer's financial statements for the 9-year period from 2010 to 2018.

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

The following tables present annual balance sheet and income statement information of the Issuer as at and for the years ended 31 December 2013 and 2012 which derives from, should be read in conjunction with, and is qualified in its entirety by reference to, the financial statements of the Issuer incorporated by reference in this Base Prospectus, in each case together with the accompanying notes (where applicable).

ANNUAL BALANCE SHEETS

ASSETS	As at 31 December	
	2013	2012
	(EURO)	
CASH HIGHLY LIQUID DEPOSITS	54,320,430	49,607,040
FINANCIAL ASSETS HELD FOR TRADING	57,806,611	104,183,827
FINANCIAL ASSETS AVAILABLE FOR SALE	605,539,715	370,246,650
FINANCIAL ASSETS HELD TO MATURITY	55,125,535	1,080,183
DUE FROM BANKS	119,224,875	156,512,370
LOANS TO CUSTOMERS	4,922,442,920	5,016,487,555
EQUITY INVESTMENTS	5,157,239	3,963,929
TANGIBLE ASSETS	104,396,565	103,089,911
INTANGIBLE ASSETS	42,580,700	43,657,903
including:		
<i>Goodwill</i>	40,392,116	40,392,116
TAX ASSETS	66,936,699	45,484,327
<i>a) current</i>	41,849,356	25,173,433
<i>b) anticipated</i>	25,087,343	20,310,894
NON-CURRENT ASSETS AND GROUPS OF ASSETS BEING DISPOSED OF	833,714	0
OTHER ASSETS	68,643,936	53,102,765
TOTAL ASSETS	6,103,008,939	5,947,416,460

ANNUAL BALANCE SHEETS

LIABILITIES	As at 31 December	
	2013	2012
	(EURO)	
AMOUNTS OWED TO BANKS	645,875,022	771,855,296
AMOUNTS OWED TO CUSTOMERS	3,025,035,687	2,702,436,436
DEPT SECURITIES IN ISSUE	1,295,118,833	1,202,431,521
FINANCIAL LIABILITIES HELD FOR TRADING	7,275,879	12,475,941
FINANCIAL LIABILITIES DESIGNED AT FAIR VALUE	297,624,069	449,769,288
TAX LIABILITIES	46,924,163	45,918,185
<i>a) current</i>	21,237,188	21,191,339
<i>b) differed</i>	25,686,975	24,726,846
OTHER LIABILITIES	135,069,495	121,366,243
RESERVES FOR TERMINAL INDEMNITIES	18,830,697	19,548,484
RESERVES FOR RISKS AND CHARGES	2,468,937	2,552,358
<i>a) reserves for pensions and similar commitments</i>	0	0
<i>b) other reserves</i>	2,468,937	2,552,358
REVALUATION RESERVES	(475,646)	71,386,529
RESERVES	255,527,992	247,359,940
ADDITIONAL PAID-IN CAPITAL	202,458,684	202,458,684
CAPITAL STOCK	152,508,440	76,274,700
INCOME (LOSS) FOR THE PERIOD (+/-)	18,766,687	21,582,855
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	6,103,008,939	5,947,416,460

ANNUAL INCOME STATEMENTS

	For the year ended 31 December	
	2013	2012
	(EURO)	
INTEREST INCOME AND SIMILAR REVENUES	175,320,789	188,768,340
INTEREST EXPENSE AND SIMILAR CHARGES	(70,395,045)	(70,623,185)
NET INTEREST INCOME	<u>104,925,744</u>	<u>118,145,155</u>
COMMISSION INCOME	68,932,921	73,916,515
COMMISSION EXPENSE	(8,837,246)	(8,670,838)
NET COMMISSIONS	<u>60,095,675</u>	<u>65,245,677</u>
DIVIDENDS AND OTHER SIMILAR REVENUES	1,504,174	230,003
INCOME (LOSS) ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING (NET)	1,487,201	3,347,331
INCOME (LOSS) ON DISPOSAL OF	5,659,741	4,079,153
<i>a) loans</i>	187,596	97,128
<i>b) financial assets available for sale</i>	4,902,819	2,802,008
<i>c) financial assets held to maturity</i>	3,399	3,769
<i>d) financial liabilities</i>	565,927	1,176,248
NET VALUES ADJUSTMENT ON FINANCIAL ASSETS DESIGNATED AT FAIR VALUE	206,273	1,080,951
GROSS OPERATING INCOME	<u>173,878,808</u>	<u>192,128,270</u>
NET VALUE ADJUSTMENT ON	(19,068,463)	(28,294,658)
a) loans	(19,325,564)	(26,552,425)
b) financial assets available for sale	(352,271)	(1,838,500)
c) financial assets held to maturity		-
d) other financial assets	609,372	96,267
NET INCOME FROM FINANCIAL MANAGEMENT	<u>154,810,345</u>	<u>163,833,612</u>
ADMINISTRATIVE COSTS	(126,594,566)	(124,754,343)
<i>a) staff costs</i>	(73,601,096)	(73,739,574)
<i>b) other administrative costs</i>	(52,993,470)	(51,014,769)
NET PROVISIONS FOR RISKS AND CHARGES	(310,723)	(1,095,891)
AMORTIZATION AND DEPRECIATION OF TANGIBLE FIXED ASSETS	(5,644,856)	(13,371,336)
AMORTIZATION AND DEPRECIATION OF INTANGIBLE FIXED ASSETS	(1,304,535)	(1,432,008)
OTHER OPERATING EXPENSES AND REVENUES	16,547,867	12,601,770
OPERATING COSTS	<u>(117,306,813)</u>	<u>(128,051,808)</u>
INCOME (LOSS) FROM EQUITY INVESTMENTS	(1,966,525)	(236,393)
INCOME (LOSS) FROM DISPOSAL OF INVESTMENTS	29,078	(8,978)
OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAXES	<u>35,566,085</u>	<u>35,536,433</u>
TAX EXPENSES (INCOME) RELATED TO PROFIT OR LOSS FROM ORDINARY ACTIVITIES	(16,799,398)	(13,953,578)
OPERATING INCOME (LOSS) FROM ORDINARY ACTIVITIES AFTER TAXES	<u>18,766,687</u>	<u>21,582,855</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>18,766,687</u>	<u>21,582,855</u>

TAXATION

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

Republic of Italy

Tax treatment of Notes issued by the Issuer

Decree 239 sets out the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian banks. The provisions of Decree 239 only apply to those notes, which qualify as *obbligazioni* (bonds) or as *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 917**"). For these purposes, *titoli similari alle obbligazioni* are defined as notes that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for internal payments) and that do not give any right to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

Italian resident Noteholders

Where an Italian resident Noteholder is:

- (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the asset management regime (so-called "*regime del risparmio gestito*" – see under "Capital gains tax" below);
- (b) a non-commercial partnership and professional association;
- (c) a non-commercial private or public entity (other than a company) and trust not carrying out commercial activities; or
- (d) an investor exempt from Italian corporate income taxation.

Interest relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent (increased from 20 per cent. with reference to any Interest accrued as from 1 July 2014, pursuant to Decree No. 66). In the event that the Noteholders described under (a) and (c) above are

engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

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

Interest accrued on the Notes, deposited with an authorised intermediary, and received by Italian real estate funds (complying with the definition provided for by Law Decree n. 78 of 31 May 2010, converted into Law n. 122 of 30 July 2010) or SICAFs, to which the provisions of Law Decree No. 351 of 25 September 2001, as subsequently amended, apply, is subject neither to substitute tax nor to any other income tax in the hands of the real estate fund or SICAF. A withholding tax may apply in certain circumstances at the rate of 26 per cent (increased from 20 per cent, with reference to any distribution made as of 1 July 2014, pursuant to Decree No. 66) on distribution made by Italian real estate Funds or SICAF and, in certain cases, a tax transparency regime may apply in respect of certain categories of investor in the Italian Real Estate Fund owning more than 5 per cent of the fund's units.

If the investor is resident in the Republic of Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*. They must, however, be included in the management results of the Fund accrued at the end of each tax period; a withholding tax of 26% will be levied on proceeds distributed by the Fund or the SICAV (the withholding tax has been increased from 20 per cent. with reference to any distribution made as of 1 July 2014, pursuant to Decree No. 66) or received by certain categories of unitholders upon redemption or disposal of the units (the withholding tax has been increased from 20 per cent. to 26 per cent. with reference to any proceeds accrued as of 1 July 2014, pursuant to Decree No. 66).

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax (the substitute tax will be increased to 11.5% for the year 2014).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in the Republic of Italy or be a permanent establishment in the Republic of Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Noteholder or, absent that, by the issuer.

Non-Italian resident Noteholders

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

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

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

- (a) deposit, directly or indirectly, the Notes with a resident bank or SIM or a permanent establishment in the Republic of Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in the Republic of Italy nor in the case of foreign Central Banks or entities which manage, inter alia, the official reserves of a foreign

State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption (increased from 20 per cent. with reference to any Interest accrued as from 1 July 2014, pursuant to Decree No. 66).

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

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) may be subject to a withholding tax, levied at the rate of 26 per cent (increased from 20 per cent. with reference to any Interest due and payable as from 1 July 2014, pursuant to Decree No. 66).

In the case of Notes issued by an Italian resident issuer, where the Noteholder is:

- (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected;
- (b) an Italian company or a similar Italian commercial entity;
- (c) a permanent establishment in the Republic of Italy of a foreign entity;
- (d) an Italian commercial partnership; or
- (e) an Italian commercial private or public institution,

such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the 20 per cent. withholding tax rate (26 per cent. with reference to any Interest due and payable as from 1 July 2014, pursuant to Decree No. 66) may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "*status*" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by (a) an Italian resident company, (b) an Italian resident commercial partnership, (c) a permanent establishment in Italy of foreign corporation to which the Notes are connected, (d) an Italian resident individual engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. (increased from 20 per cent. with reference to any capital gain realised as from 1 July 2014, pursuant to Decree No. 66). Noteholders may set off any losses with their gains. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08

per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

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

- (a) Under the tax declaration regime ("regime della dichiarazione"), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholder holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.
- (b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the administrative savings regime – "*regime del risparmio amministrato*"). Such separate taxation of capital gains is allowed subject to:
 - (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the administrative savings regime being timely made in writing by the relevant Noteholder.
- (d) The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the administrative savings regime, where a sale or redemption of the Notes results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the administrative savings regime, the Noteholder is not required to declare the capital gains in the annual tax return. Pursuant to Decree No. 66, capital losses may be carried forward to be offset against capital gains of the same nature

realised after 30 June 2014 for an overall amount of: (i) 48.08 per cent. of the relevant capital losses realised before 1 January 2012; (ii) 76.92 per cent. of the capital losses realised from 1 January 2012 to 30 June 2014.

- (e) Under the asset management regime, any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax (increased from 20 per cent. with reference to any capital gain accrued as from 1 July 2014, pursuant to Decree No. 66), to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. 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. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Noteholder who is an Italian open ended or a closed-ended investment fund or a SICAV will be included in the result of the relevant portfolio accrued at the end of the tax period; a withholding tax of 26 per cent. will be levied on proceeds distributed by the Fund or the SICAV (the withholding tax has been increased from 20 per cent. with reference to any distribution made as of 1 July 2014, pursuant to Decree No. 66) or received by certain categories of unitholders upon redemption or disposal of the units (the withholding tax has been increased to 26 per cent. with reference to any proceeds accrued as of 1 July 2014, pursuant to Decree No. 66).

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax (the substitute tax will be increased to 11.5% for the year 2014).

Any capital gain realised by a Noteholder which is an Italian Real Estate Fund or SICAF concurs to the year-end appreciation of the managed assets, which is exempt from any income tax according to the Real Estate Funds tax treatment described above.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate certification (*autocertificazione*) stating that the Noteholder is not resident in the Republic of Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident in a country which allows for a satisfactory exchange of information with the Republic of Italy;
- (b) an international entity or body set up in accordance with international agreements which have entered into force in the Republic of Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with the Republic of Italy.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to the *imposta sostitutiva* at the current rate of 26 per cent (increased from 20 per cent. with reference to any capital gain realised as from 1 July 2014, pursuant to Decree No. 66), if the Notes are held in Italy. However, Noteholders may benefit from an applicable tax treaty with the Republic of Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

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

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

If the transfer is made in favour of persons with severe disabilities, the tax applies on the value exceeding Euro 1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (**EU Savings Tax Directive**), Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). The European Commission has proposed certain amendments to the EU Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above. On 18 March 2014, the Luxembourg government submitted to the Luxembourg Parliament the draft Bill No. 6668 on taxation of savings income putting an end to the current withholding tax regime as from 1 January 2015 and implementing the automatic exchange of information as from that date. This draft Bill is in line with the announcement of the Luxembourg government of April 2013.

On 24 March 2014, the Council of the European Union formally adopted a new Directive amending the EU Savings Tax Directive (the "**Amending Directive**"), broadening 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 Amending Directive include extending the scope of the EU Savings Tax Directive Tax 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.

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 as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Tax Directive.

Implementation in Italy of the EU Savings Tax Directive

Italy has implemented the EU 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, with respect to interest paid starting from 1 July 2005 (including the case of interest accrued on the Notes at the time of their disposal) to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another EU Member State or in a dependent or associated territory under the relevant international agreement (currently, Jersey, Guernsey, Isle of Man, Netherlands Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba), Italian paying agents (i.e. banks, SIMs, fiduciary companies, SGRs resident for tax purposes in Italy, permanent establishments in Italy of non-resident persons and any other economic

operator resident for tax purposes in Italy paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner. In certain circumstances, the same reporting requirements must be complied with also in respect of interest paid to an entity established in another EU Member State, other than legal persons (with the exception of certain Finnish and Swedish entities), whose profits are taxed under general arrangements for business taxation and, in certain circumstance, UCITS recognised in accordance with Directive 2009/65/EC.

Either payments of interest on the Notes or the realisation of the accrued interest through the sale of the Notes would constitute "payments of interest" under Article 6 of the Directive and, as far as Italy is concerned, Article 2 of Decree No. 84. Accordingly, such payment of interest arising out of the Notes would fall within the scope of the Directive being the Notes issued after 1 March 2001.

Noteholders who are individuals and receive Interest on the Notes should note that additional amounts which, at present, may become due as described in Condition 12 (*Taxation*) of the Terms and Conditions of the Notes above should not be due in respect of withholding tax imposed under or pursuant to the Directive, or any law implementing or complying with, or introduced in order to conform to the Directive.

The Proposed Financial Transaction Tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States).

The proposed FTT has very broad scope. If introduced in the form proposed on 14 February 2013, it could 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 14 February 2013 proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in 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.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. 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 the Dealers. The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in a Dealer Agreement dated on or about the date hereof (the "**Dealer Agreement**") and made between the Issuer and the Dealer. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be purchased by a Dealer 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 the existing Dealer 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.

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

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

Public offer selling restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is

implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (b) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU and includes any relevant implementing measure in each Relevant Member State.

Selling restrictions addressing additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (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 with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, the Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that, it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in an offer to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Any 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 the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, Legislative Decree No. 58 of 24 February 1998 and, CONSOB Regulation No. 16190 of 29 October 2007 (in each case, as amended from time to time) and any other applicable laws and regulations; and
- (b) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

France

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in 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 this Base Prospectus 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) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de*

tiers), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) and, accordingly, the Dealer has undertaken that it will not offer or sell, and each further Dealer appointed under the Programme will be required to undertake 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

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

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing, approval and admission to trading

This Base Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the CSSF in its capacity as competent authority in Luxembourg for the purposes of the Prospectus Directive. Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

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

The CSSF may, at the request of the Issuer, send to the competent authority of another Member State of the European Economic Area: (i) a copy of this Base Prospectus; (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of the Summary of this Base Prospectus.

Authorisations

The update of the Programme was authorised by the Board of Directors of the Issuer on 23 May 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.

Conditions for determining price

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

Use of proceeds

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

Clearing of the Notes

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

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

Litigation

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

For further information on the pending litigation in which the Issuer is involved, please see "*Description of the Issuer – Litigation*".

No material adverse change

Since 31 December 2013 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no material adverse change in the prospects of the Issuer or its subsidiaries.

No significant change

Since 31 December 2013 (being the last day of the financial period in respect of which the most recent published financial statements of the Issuer have been prepared), there has been no significant change in the financial or trading position of the Issuer and its group.

Auditors

The financial statements of the Issuer have been audited without qualification for the years ended 2012 and 2013 by BDO S.p.A. of Via Dietro Listone 16, 37121 Verona, Italy, independent accountants.

Material Contracts

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

Trend information

Since 31 December 2013 (being the last day of the financial period in respect of which the most recent audited financial statements of the Issuer have been published) there has been no material adverse change, nor any development reasonably likely to involve an adverse change, in the prospects or general affairs of the Issuer or its subsidiary that is material in the context of the Programme or the issue of the Notes.

Minimum denomination

Where Notes issued under the Programme are admitted to trading on a Regulated Market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, such Notes will not have a denomination of less than €100,000 (or, where the Notes are issued in a currency other than euro, the equivalent amount in such other currency).

Rating Agencies

Each of Moody's Investors Services Inc. and Standard & Poor's is established in the EEA and registered under the CRA Regulation, and is included in the list of registered credit rating agencies published on the website of the European Securities and Markets Authority at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.

Documents on display

For so long as the Programme remains in effect or any Notes are outstanding, electronic copies of the following documents may be inspected (and, in the case of (e) and (f) below, are available for collection) during normal business hours at the specified office of the Fiscal Agent, namely:

- (a) the Agency Agreement;
- (b) the Deed of Covenant;
- (c) the Programme Manual (being a manual signed for the purposes of identification by the Issuer and the Fiscal Agent, containing suggested forms and operating procedures for the Programme, including the forms of the Notes in global and definitive form);
- (d) any Final Terms relating to Notes which are listed on any stock exchange (save that Final Terms relating to Notes which are neither admitted to trading on a Regulated Market in the European Economic Area or offered in the European Economic Area in circumstances where a base prospectus is required to be published under the Prospectus Directive will only be available for inspection by the relevant Noteholders and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity);
- (e) this Base Prospectus and any supplement to this Base Prospectus and any other document incorporated by reference herein or therein;
- (f) the By-laws of the Issuer;
- (g) the most recent publicly available audited annual non-consolidated financial statements of the Issuer beginning with such financial statements as at and for the years ended 31 December 2013 and 2012; and
- (h) the most recently available unaudited interim non-consolidated financial information of the Issuer.

The Issuer does not currently publish any consolidated financial statements.

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

The Dealer and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuer and its affiliates in the ordinary course of business. The relevant Final Terms will specify any other interests of natural and legal persons involved in each issue/offer of Notes under the Programme.

REGISTERED OFFICE OF THE ISSUER

Banca Popolare dell'Alto Adige Volksbank Soc. Coop. per azioni

Via Siemens 18
39100 Bolzano
Italy

ARRANGER AND DEALER

Natixis

30, Avenue Pierre Mendès-France
75013 Paris
France

FISCAL AGENT, LUXEMBOURG PAYING AGENT AND LISTING AGENT

BNP Paribas Securities Services, Luxembourg Branch

33, rue de Gasperich Howald-Hesperange
L-5826 Luxembourg

LEGAL ADVISERS

To the Dealers

as to English and Italian law

Clifford Chance Studio Legale Associato

Piazzetta M. Bossi,
20121 Milan
Italy

To the Issuer

as to Italian law

NCTM Studio Legale Associato

Via Agnello, 12
20121 Milan
Italy

AUDITORS TO THE ISSUER

BDO S.p.A.

Via Dietro Listone 16
37121 Verona
Italy