

Base Prospectus



BANCA SELLA HOLDING S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€1,500,000,000

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 the Directive 2010/73/EU, to the extent implemented in a Member State of the European Economic Area) (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 (the "**Luxembourg Prospectus Law**"). Application has been made by Banca Sella Holding S.p.A. (the "**Issuer**") for notes ("**Notes**") issued under the €1,500,000,000 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 competent 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 "Risks Factors" on page 5.

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 €1,500,000,000 (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 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.

Arranger and Dealer
Natixis

18 July 2014

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IMPORTANT NOTICES

This document constitutes a base prospectus for the purpose 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 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 reasonable 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. For further details of restrictions on the distribution of this Base Prospectus and the offer or sale of the Notes, see "*Subscription and Sale*").

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 €1,500,000,000 (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 by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive, subject to compliance with the relevant provisions of the Dealer Agreement.

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(s) (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 Group 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.

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.

Risks relating to the Issuer

Geographical concentration of business

The commercial bank Banca Sella S.p.A. and the private bank Banca Patrimoni Sella & C. S.p.A., both controlled by the Issuer, have limited geographical coverage in Italy. Banca Sella S.p.A. has a strong presence in the Piedmont region, although in the past years it has enlarged and developed its operations in other important Italian financial centres, establishing branches in Valle d'Aosta, Lombardy, Lazio, Emilia Romagna, Liguria, Tuscany, Abruzzo, Marche and Sardinia. In 2011, Banca Sella expanded its presence in the southern regions of Puglia, Campania, Molise and Sicily through the incorporation of Banca Sella Sud Ardit Galati (a commercial bank included in the Group) while, in 2012, it expanded its presence in the northeastern regions of Veneto, Friuli Venezia Giulia and Trentino-Alto Adige through the incorporation of Banca Sella Nord Est Bovio Calderari (another commercial bank included in the Group). In 2013 Banca Sella sold the branches in Trentino Alto Adige and some branches in Veneto. Banca Patrimoni Sella & C. S.p.A. operates through ten branches located in Piedmont, Lombardy, Liguria, Emilia Romagna, Lazio, Campania, Sardinia and Sicily.

As the Group's nationwide coverage is less extensive in comparison to some of Italy's larger banks, there is a correspondingly higher risk of over-concentration in certain geographical areas, such as the region of Piedmont. In addition, as the Group's loan portfolio is geographically limited and concentrated in industries that mirror the local economy, any downturn in economic conditions affecting the principal geographical areas where the Group operates and the main industries in those areas may have a material adverse effect on the Group's financial condition and results of operations.

Risks relating to the economic and financial crisis

The earnings capacity and stability of the Issuer are affected by the general state of the economy, the dynamics of financial markets and, in particular, the strength and growth prospects of the economy in Italy (and the creditworthiness of its sovereign debt), as well as that of the Eurozone as a whole. In this regard, trends in the following areas are of particular significance: expectations and investor confidence; the level and volatility of interest rates in the short and long term; exchange rates; the liquidity of financial markets; the availability and cost of capital; the sustainability of sovereign debt; household incomes and consumer spending; and levels of unemployment, inflation and housing prices. These factors, particularly in times of economic and financial crisis, may cause the Issuer to suffer losses, increases in funding costs and a diminution in the value of its assets, with a potential adverse effect on its liquidity, financial position and results of operations.

In recent years, the global credit environment has been adversely affected by significant instances of default, and there can be no certainty that further such instances will not occur. Concerns about, or a default by, one institution could lead to significant liquidity problems, losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is perceived as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Group.

Risks arising from the sovereign debt crisis

The Group is affected by disruptions and volatility in the global financial markets, including, in recent years, the sovereign debt crisis in the Eurozone. The deterioration in the creditworthiness of some of the Eurozone countries has exacerbated the severity of the global financial crisis and raised the possibility that some countries may leave the Eurozone. This, together with fears about the crisis spreading to other countries in Europe, has adversely affected the funding costs and economic outlook of several Eurozone members, including Italy.

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, which may in turn have an impact on Eurozone banks' funding. In particular, the Issuer's credit ratings are 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 have had, and may continue to have, a knock on effect on the credit rating of Italian issuers such as the Issuer causing the credit rating of Notes issued under the Programme to be downgraded, with a consequent increase in funding costs.

Risks relating to the performance of sovereign debt securities

As at 31 December 2013, the Group's exposure to debt securities issued by the Italian government amounted to € 1,198 million, corresponding to 9 per cent. of the Group's total assets.

The Group is therefore exposed to the trend in Italian government securities, which have been showing tension and volatility. If such conditions persist, the Group could suffer similar volatility on its business, financial condition or results of operations.

Governmental and central banks' actions intended to support liquidity may be insufficient or discontinued

In response to the financial markets crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors, intervention with respect to the level of capitalisation of banking institutions has had to be further increased. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of the banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.

The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the Group's business, financial condition and results of operations.

Risk relating to quality of loans

The results of the Group may be affected by global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the Group's customers may default on their loans or their obligations. Interest rates rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in Italy and in the Euro-zone may influence the Group's performance.

Credit quality is affected by the continuing weakness of the economy and, within the banking system generally, a growing number of companies are struggling to repay loans. Non-performing loans at 31 December 2013 totalled € 307.2 million, an increase with respect to € 259.0 million recorded in 2012. Watch list loans at 31 December 2013 totalled € 227.6 million, a 5.1% decrease compared with 2012. Adding to non-performing and watch list loans restructured loans and past due loans, at 31 December 2013 there was a total of € 646.4 million in impaired receivables. At December 2013 the coverage ratio with reference to non-performing loans was 59.0%; with reference to total impaired loans was 43.7%. Further significant increases in the Group's non-performing loans could have a material adverse effect on its financial condition and results of operation.

The Group monitors credit quality and manages the specific risk of each counterparty and the overall risk of the respective loan portfolios, but there can be no assurance that such monitoring and risk management will suffice to keep the Group's exposure to credit risk at acceptable levels. Any deterioration of the creditworthiness of significant individual customers or counterparties, or of the performance of loans and other receivables, as well as wrong assessments of creditworthiness or country risks may have a material adverse effect on the Group's business, financial condition and results of operations.

Competition in the Italian market

Competition is intense in all of the Group's primary business areas in Italy. The Group derives nearly all of its income from its banking activities in Italy. In recent years the Italian banking sector has been characterised by increasing competition, which is currently having two main effects:

- (i) a progressive reduction in the differential between lending and borrower interest rates, which may result in the Group facing difficulties in maintaining a sound level in interest rate margins; and
- (ii) a progressive reduction in commissions and fees due to heavy competition on prices.

Both of the above factors may adversely affect the Group's financial condition and result of operations.

In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

Credit and market risk

The Group's business depends to a substantial degree on the creditworthiness of its customers. Notwithstanding its detailed controls including customer credit checks, it bears normal lending risks and thus may not, for reasons beyond its control (such as, for example, fraudulent behaviour by customers), have access to all relevant information regarding any particular customer, their financial position, or their ability to pay amounts owed or repay amounts borrowed. Any failure of customers to accurately report their financial and credit position or to comply with the terms of their agreements or other contractual provisions could have an adverse effect on the Group's business and financial results. During a recession, there may be less demand for loan products and a greater number of the Group'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 risks arising from the impact of the economy and business climate on the credit quality of the Group's borrowers and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties. In addition, the continued liquidity crisis in other affected economies may create difficulties for the Group's borrowers to refinance or repay loans to the Group loan portfolio and potentially increase the Group non-performing loan levels.

Furthermore, to the extent that any of the instruments and strategies used by the Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Group's trading revenues and interest rate risks 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 Group's financial results also depend upon how effectively it determines and assesses the cost of credit and manages its own credit risk and market risk concentration.

Liquidity risks

The Group's businesses are subject to risks concerning liquidity which are inherent in its banking operations, and could affect the Group's ability to meet its financial obligations as

they fall due or to fulfil commitments to lend. In order to ensure that the Group continues to meet its funding obligations and to maintain or grow its business generally, it relies on customer savings and transmission balances, as well as ongoing access to the wholesale lending markets. The ability of the Group to access wholesale and retail funding sources on favourable economic terms is dependent on a variety of factors, some of which are outside of its control, such as liquidity constraints, general market conditions and confidence in the Italian banking system.

The current dislocation in the global and Italian capital markets and credit conditions has led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and has had an impact on the wider economy. Furthermore, the global financial crisis and resulting financial instability have significantly reduced the levels and availability of liquidity and term funding. In particular, the perception of counterparty credit risk between banks has increased significantly, resulting in reductions in both inter-bank lending and the level of confidence from banks' customers. Individual institutions have faced varying degrees of stress. Should the Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

Changes in interest rates

Fluctuations in interest rates in Italy influence the Group's financial performance. The results of the Group's banking operations are affected by its 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 Group's financial condition and results of operations.

Rising interest rates in line with the yield curve can increase the Group's cost of funding at a higher rate than the yield on its assets, due, for example, to a mismatch in the maturities of its assets and liabilities that are sensitive to interest rate changes or a mismatch in the degree of interest rate sensitivity of assets and liabilities with similar maturities. At the same time, decreasing interest rates can also reduce the yield on the Group's assets at a rate which may not correspond to the decrease in the cost of funding.

Market declines and volatility

The results of the Group 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 Group'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 Group's borrowers and counter-parties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

Protracted market declines and reduced liquidity in the markets

In some of the Group'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 Group 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 the assets that are not traded on stock exchanges or other public trading markets, such as derivative contracts between banks, may be calculated by the Group 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 Group's operation results and financial conditions. In addition, protracted or steep declines in the stock or bond markets in Italy and elsewhere may adversely affect the Group's securities trading activities and its asset management services, as well as the Group's investments in and sales of products linked to the performance of financial assets.

Risks relating to soundness of financial institutions

The Group is exposed to different industries and counterparties, including counterparties in the financial services industry. This exposure can arise through trading, lending, deposit-taking, clearance and settlement and many other activities and relationships. These counterparties include brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients. Many of these relationships expose the Group to credit risk in the event of default of a counterparty or client. In addition, the Group credit risk may be exacerbated if the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure it is due. Many of the hedging and other risk management strategies utilised by the Group also involve transactions with financial services counterparties. The potential of insolvency of these counterparties may impair the effectiveness of the Group's hedging and other risk management strategies.

Operational risk

The Group, 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 Group's systems and processes are designed to ensure that the operational risks associated with the Group's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the Group's financial performance and business activities.

Risk management and impact of events which are difficult to anticipate

The Group'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 Group's products and services, the credit quality of borrowers and counterparties, the interest rate margin of the Group between lending and borrowing costs and the value of the Group's investment and trading portfolios.

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

policies and procedures are inadequate, the Group's reputation as well as its revenues and profits may be negatively affected.

Changes in regulatory framework and accounting policies

The Group is subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European System of Central Banks. The banking laws to which the Group 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 Group 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 Group including proposed regulatory initiatives that could significantly alter the Group's capital requirements, as described below.

In the wake of the global financial crisis that began in 2008, the Basel Committee on Banking Supervision (the "**Basel Committee**") approved, in the fourth quarter of 2010, revised global regulatory standards (the "**Basel III**") on bank capital adequacy and liquidity, higher and better-quality capital, better risk coverage, measures to promote the build-up of capital that can be drawn down in periods of stress and the introduction of a leverage ratio as a backstop to the risk-based requirement as well as two global liquidity standards. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, with full enforcement in 2019. Minimum common equity tier 1 (the "**CET1**") will be increased from broadly 2% of risk-weighted assets to 7.0%. The 7.0% includes a "capital conservation buffer" of 2.5% to ensure that banks maintain a buffer of capital that can be used to absorb losses during periods of financial and economic stress. An additional "countercyclical buffer requirement" of 0-2.5% will be implemented according to national circumstances. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction.

In January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the Liquidity Coverage Ratio (i.e. annual increases of 10%, starting with 60% in 2015 and ending with 100% in 2019), and the Basel Committee expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities.

The Basel III framework has been implemented in the EU through new banking regulations adopted on 26 June 2013: Directive 2013/36/EU 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 (the "**CRD IV Directive**") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**"). Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for the phase-in until 2024) but it is possible that in practice implementation under national laws be delayed until after such date.

The Bank of Italy published new supervisory regulations on banks in December 2013 (Circular No. 285, dated 17 December 2013, the "**Prudential Regulations for Banks**"),

which came into force on 1 January 2014, implementing CRD IV and setting out additional local prudential rules concerning matters not harmonised at an EU level. As of 1 January 2014, Italian banks are required to comply with a minimum CET1 capital ratio of 4.5%, Tier I Capital ratio of 6% and Total Capital Ratio of 8%. These minimum ratios are complemented by the following capital buffers, to be met with CET1 capital:

- *Capital conservation buffer*: is set at 2.5.% of risk weighted assets and applies from 1 January 2014 (pursuant to Part I, Title II, Chapter I, Section II of Prudential Regulations for Banks);
- *Counter-cyclical capital buffer*: is set by the relevant competent authority between 0% - 2.5% (but may be set higher than 2.5% where the competent authority considers that the conditions in the member state justify this), with gradual introduction from 1 January 2016, and applying temporarily in the periods when the relevant national authorities judge the credit growth excessive (pursuant to Article 130 of the CRD IV Directive);

In addition to the above listed capital buffers, under Article 133 of CRD IV Directive the relevant competent authority has the option to introduce a systemic risk buffer which must be at least 1% of CET1 capital.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV Directive).

As part of the CRD IV transitional arrangements, regulatory capital recognition of outstanding instruments which qualified as CET1, Additional Tier 1 and Tier II capital instruments under the framework which CRD IV has replaced (CRD III) that no longer meet the minimum criteria under CRD IV will be gradually phased out. Fixing the base at the nominal amount of such instruments outstanding on 1 January 2013, their recognition is capped at 80% in 2014, with this cap decreasing by 10% in each subsequent year.

The new liquidity requirements introduced under CRD IV will also be phased in: the Liquidity coverage ratio, as discussed above, will apply from 1 January 2015 and be gradually phased in and the European Commission intends to develop the net stable funding ratio with the aim of introducing it from 1 January 2018.

CRD IV may also introduce a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. Institutions are required to disclose their leverage ratio from 1 January 2015. Full implementation and European harmonisation, however, is not expected until 1 January 2018 following the European Commission's review in 2016 of whether or not the ratio should be introduced. There is therefore uncertainty as to regulatory requirements that the Group will be required to comply with.

On 15 May 2014, the Council of the European Union approved the Directive No. 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council (the "**Recovery and Resolution Directive**"). The Recovery and Resolution

Directive provides competent authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses.

Except for the bail-in tool with respect to eligible liabilities, which is expected to apply as from 1 January 2016, the Recovery and Resolution Directive contemplates that the measures set out therein will apply as from 1 January 2015.

The powers provided to "resolution authorities" in the Recovery and Resolution Directive include write down/conversion powers to ensure that capital instruments (including Subordinated Notes) and eligible liabilities (including senior debt instruments) fully absorb losses at the point of non-viability of the issuing institution (referred to as the bail-in tool). Accordingly, the Recovery and Resolution Directive contemplates that resolution authorities may require the write down of such capital instruments and eligible liabilities in full on a permanent basis, or convert them in full into common equity tier 1 instruments. The Recovery and Resolution Directive provides, *inter alia*, that resolution authorities shall exercise the write down power in a way that results in (i) common equity tier 1 instruments being written down first in proportion to the relevant losses, (ii) thereafter, the principal amount of other capital instruments (including Subordinated Notes) being written down or converted into common equity tier 1 instruments on a permanent basis and (iii) thereafter, eligible liabilities being written down or converted in accordance with a set order of priority.

The point of non-viability under the Recovery and Resolution Directive is the point at which the national authority determines that:

- (a) the institution is failing or likely to fail, which includes situations where:
 - (i) the institution has incurred/will incur in a near future losses depleting all or substantially all its own funds;
 - (ii) the assets are/will be in a near future less than its liabilities;
 - (iii) the institution is/will be in a near future unable to pay its debts or other liabilities when they fall due; and/or
 - (iv) the institution requires public financial support;
- (b) there is no reasonable prospect that a private action would prevent the failure; and
- (c) a resolution action is necessary in the public interest.

The Recovery and Resolution Directive represents the implementation in the European Economic Area of the non-viability requirements set out in the press release dated 13 January 2011 issued by the Basel Committee entitled "Minimum requirements to ensure loss absorbency at the point of non-viability", which forms a part of the broader Basel III requirements, implemented in the European Union through CRD IV.

Downgrade of the Issuer's credit ratings

The creditworthiness of the Issuer is measured, *inter alia*, through the ratings assigned by one or more international credit rating agencies. The rating is an assessment of the Issuer's ability to fulfil its financial obligations, including those relating to the Notes.

As at the date of this Base Prospectus, the long-term and short-term credit ratings of the Issuer are, respectively, "Ba1" and "Not-Prime" by Moody's Investors Service, Inc. ("**Moody's**") and "BBB(low)" and "R-2(low)" by DBRS Ratings Limited ("**DBRS**"). Moody's and DBRS are established in the European Union and is registered under Regulation (EU) No. 1060/2009, as subsequently amended ("**CRA Regulation**").

As at the date of this Base Prospectus, the rating assigned by Moody's to the Issuer's long-term and short-term debt is categorised as "speculative", meaning that it is particularly susceptible to adverse conditions in the economy and the financial sector.

A downgrade of any of the Issuer's ratings (for whatever reason) could be an indicator of a reduced ability to fulfil its financial commitments compared to the past and might result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's credit ratings may have a particularly adverse affect on the Issuer's reputation as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on the Issuer's financial conditions and/or results of operations.

Value of financial instruments recorded at fair value

Under International Financing Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 and related transitional regulations in Italy ("**IFRS**"), the Group recognises at fair value: (i) financial instruments classified as "held-for-trading" or "designated as at fair value through profit or loss"; (ii) financial assets classified as "available for sale"; and (iii) derivatives, each as further described in "Accounting Policies" in the notes to the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2013 and 2012, which are incorporated by reference in this Base Prospectus. Generally, in order to establish the fair value of these instruments the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in market conditions. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgements and estimates in order to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Group is required to make often relate to matters that are uncertain, such as expected cash flows, the ability of the borrowers to service debt, house judgements and estimates may need to be updated to reflect changing trends and market conditions. The resulting change in fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial conditions.

Risks relating to the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a legal, tax, accounting and/or financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Prospective investors in the Notes should make their own independent decision whether to invest in the Notes and whether an investment in the Notes is appropriate or proper for them, based upon their own judgement and upon advice from such advisers as they may deem necessary.

Prospective investors in the Notes should not rely on or construe any communication (written or oral) of the Issuer, the Arranger or the Dealer(s) as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Terms and Conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes.

No communication (written or oral) received from the Issuer, the Arranger or the Dealer(s) shall be deemed to be an assurance or guarantee as to the expected results of an investment in the Notes.

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 9(c) (*Redemption for Regulatory Reasons*). Any such redemption of the Subordinated Notes is subject to the prior approval of the Bank of Italy. 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.

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:

- (vi) the market price of such Notes may be volatile;
- (vii) they may receive no interest;
- (viii) the relevant factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (ix) 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
- (x) 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 4(b) (*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 in the form of interest payments, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or similar income paid by a person (within the meaning of the EU Savings Tax Directive) within its jurisdiction to, or collected by such a person (within the meaning of the EU Savings Tax Directive) for, an individual resident or certain limited types of entity called "residual entities", within the meaning of Article 4.2 of the EU Savings Tax Directive (the "**Residual Entities**") established in that other Member State. However, for a transitional period, Luxembourg and Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35 per cent. In the case of Luxembourg, the recipient of the interest payment may opt for one of the two information exchange procedures available instead of the application of the above withholding system. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments.

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

The Council of the European Union formally adopted a Council Directive amending the EU Savings Tax Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Tax Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Investors who are in any doubt as to their position should consult their professional advisers.

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. 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.

On 10 January 2014 Italy has concluded an intergovernmental agreement with the Government of the United States of America regarding the FATCA implementation with respect to Italian financial institutions, based on domestic reporting and reciprocal automatic exchange of information. The intergovernmental agreement has not yet been ratified by Italy.

Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how it may affect them.

Regulatory classification of the Notes

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

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.

Historical Information

The historical financial and other information set out in this Base Prospectus represents the historical experience of the Group. The Issuer accepts any responsibility for its fairness and accuracy; however, there can be no assurance that the future experience and performance of the Group will be similar to the experience shown in this Base Prospectus.

Risks related to the market generally

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

The secondary market generally

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

Prospective investors in the Notes should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Base Prospectus), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes.

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products, including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

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

Credit ratings may not reflect all risks

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. The ratings do not address, *inter alia*, the following: (i) the likelihood that the principal will be redeemed on the Notes, as expected, on the scheduled redemption dates; (ii) possibility of the imposition of Italian or European withholding taxes; (iii) the marketability of the Notes, or any market price for the Notes; or (iv) whether an investment in the Notes is a suitable investment.

A credit rating is not a recommendation to buy, sell or hold securities and may be revised, placed on "creditwatch", suspended or withdrawn by the assigning rating agency at any time. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the rating agencies as a result of changes in or unavailability of information or if, in the sole judgement of the rating agencies, the credit quality of the Notes has declined or is in question. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

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 "Forms of the Notes" or "Terms and Conditions of the Notes" below have the same meanings in this general description of the Programme.

Issuer:	Banca Sella Holding S.p.A.
Arranger:	Natixis
Dealers:	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:	Deutsche Bank AG, London Branch
Luxembourg Listing Agent:	Deutsche Bank Luxembourg S.A.
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 €1,500,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding at any one time. The maximum aggregate principal amount of Notes outstanding under the Programme may be increased in compliance with the provisions of the Dealer Agreement.
Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different Issue Dates. The Notes of each Series will all be subject to identical terms, except that the Issue Date, the Issue Price, the denomination 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 or	Final Terms will be prepared in respect of each Tranche of

Drawdown Prospectus:

Notes a copy of which will, in the case of Notes 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 be filed with the CSSF and delivered to the Luxembourg Stock Exchange on or before the date of issue of such Notes. 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 the event of any inconsistency between the Terms and Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.

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 depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and each Global Note which is specified in the relevant Final Terms as a New Global Note (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 being 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 or in any other currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to any currency or currencies other than the currency in which such Notes are denominated.
Status of the Notes:	Notes may be issued on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.
Status of Senior Notes:	Senior Notes will constitute direct, general and unconditional obligations of the Issuer which will at all times rank <i>pari passu</i> among themselves and at least <i>pari passu</i> with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
Status of Subordinated Notes:	Subject to the provisions of Condition 4(b) (<i>Status of Subordinated Notes</i>), Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves, all as described in Condition 4(b) (<i>Status of Subordinated Notes</i>) and the relevant Final Terms. In the event of a winding up, dissolution, liquidation or bankruptcy (including, <i>inter alia</i> , <i>Liquidazione Coatta Amministrativa</i>) 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 <i>pari passu</i> 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 4(b) (<i>Status of Subordinated Notes</i>).
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.
Maturities:	Any maturity, 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 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.

According to the Luxembourg Prospectus Law, the CSSF is not competent to approve prospectuses for the admission of money market instruments (as defined in the Financial Services and Markets Act 2000) to trading on a regulated market situated or operating within the territory of Luxembourg having a maturity at issue of less than 12 months and complying also with the definition of securities in the Financial Services and Markets Act 2000.

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. Amounts that would otherwise be payable on the due date will continue to bear interest as provided in the Conditions of the Notes and the Agency Agreement.

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

Except as described in "Optional Redemption" above, early redemption will only be permitted for tax or, in the case of

Redemption:	Subordinated Notes, regulatory reasons as described in Condition 9(b) (<i>Redemption and Purchase – Redemption for tax reasons</i>) and Condition 9(c) (<i>Redemption and Purchase – Redemption for regulatory reasons</i>).
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate 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 Notes will not have the benefit of a negative pledge.
Cross Default:	The Senior Notes will have the benefit of a cross default clause as described in Condition 12 (<i>Events of Default</i>).
Taxation:	<p>All payments in respect of Notes will be made free and clear of withholding taxes of the Republic of Italy unless the withholding is required by law. In that event, the Issuer will (subject as provided in Condition 11 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>However, as more fully set out in Condition 11 (<i>Taxation</i>), the Issuer shall not be liable in certain circumstances to pay any additional amounts to holders of the Notes with respect to any payment, withholding or deduction pursuant to Italian Legislative Decree No. 239 of 1 April 1996 on account of substitute tax (<i>imposta sostitutiva</i>, as defined therein) in relation to interest or premium payable on, or other income deriving from any Notes. See "<i>Taxation</i>" below.</p>
Governing Law and	English law, except for Conditions 4(b) (<i>Status – Status of the Subordinated Notes</i>), 9(f) (<i>Redemption of Subordinated Notes</i>)

Jurisdiction: and 12(b) (*Events of Default relating to Subordinated Notes*) and any non-contractual obligations arising from or connected with those Conditions, which shall be governed by, and construed in accordance with, Italian law. In addition, the operation of certain Conditions, such as Condition 11 (*Taxation*), may depend on the application of Italian statute law, its interpretation by the courts and/or the relevant government bodies, and other matters of Italian law.

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. Nothing in the Terms and Conditions of the Notes prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.

Enforcement of Notes in Global Form: In the case of Global Notes, investors' rights against the Issuer will be supported by a Deed of Covenant dated 18 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 a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. **A credit 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, Italy, France, the United Kingdom 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" above 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.

INFORMATION INCORPORATED BY REFERENCE

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

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

The audited 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 can be found in the above mentioned financial statements incorporated by reference in this Base Prospectus.

Banca Sella Holding S.p.A. - Consolidated annual financial statements

Commission Regulation (EC) No. 809/2004, Annex IX, Paragraph 11.1

	2013	2012
Balance sheet	Page 93	Pages 91-92
Statement of income	Page 94	Page 93
Cash flow statement.....	Page 98	Page 97
Statement of changes in shareholders' equity	Pages 96-97	Pages 95-96
Accounting policies and explanatory notes.....	Pages 100-324	Pages 99-325
Auditors' report.....	Pages 326-327	Pages 327-328

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

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

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

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

FORMS OF THE NOTES

Each Tranche of Notes will initially be in the form of either a temporary global note (a "**Temporary Global Note**"), without Coupons (as defined herein), or a permanent global note (a "**Permanent Global Note**"), without Coupons, in each case as specified in the relevant Final Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") which is not intended to be issued in a new global note form (a "**Classic Global Note**" or "**CGN**"), as specified in the relevant Final Terms, will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank 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.

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

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

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

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

within 7 days of the bearer requesting such exchange.

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

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

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

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

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) and (ii) above, Notes may only be issued in denominations which are integral multiples of the minimum denomination and may only be traded in such amounts, whether in global or definitive form. As an exception to the above rule, where the Permanent Global Note may only be exchanged in the limited circumstances described in (iii) above, Notes may be issued in denominations which represent the aggregate of (1) a minimum denomination of €100,000 plus (2) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

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 30 days of the bearer requesting such exchange.

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

Permanent Global Note exchangeable for Definitive Notes

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

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

Where interests in the Permanent Global Note are to be exchanged for Definitive Notes in the circumstances described in (i) or (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 (1) a minimum denomination of €100,000 plus (2) integral multiples of €1,000, *provided that* such denominations are not less than €100,000 nor more than €199,000. For the avoidance of doubt, each holder of Notes of such denominations will, upon exchange for Definitive Notes, receive Definitive Notes in an amount equal to its entitlement to the principal amount represented by the Permanent Global Note. However, a Noteholder who holds a principal amount of less than the minimum denomination may not receive a Definitive Note and would need to purchase a principal amount of Notes such that its holding is an integral multiple of the minimum denomination.

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

Terms and Conditions applicable to the Notes

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

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

Legend concerning United States persons

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

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

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, 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 "Overview 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 Sella Holding S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €1,500,000,000 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 18 July 2014 (the "**Agency Agreement**") between the Issuer and Deutsche Bank AG, London 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 for inspection 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**"), the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) and, where applicable, talons for further Coupons ("**Talons**") are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

2. Definitions and Interpretation

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

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

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

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

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

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

"**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 relevant the 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;

"**Credit Rating**" means the publicly announced rating assigned to the Issuer by a Rating Agency, including any reference to positive, stable or negative outlook or any placing of the Issuer on "Creditwatch" with negative implications or similar publication of formal review by a Rating Agency;

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

- (i) if "**Actual/Actual**" 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);
- (ii) if "**Actual/Actual (ICMA)**" is so specified, means:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of

- (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and
- (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year;
- (iii) 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;
- (iv) 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;
- (v) 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:

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

where:

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

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

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

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

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

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30";

- (vi) if "**30E/360**" or "**Eurobond Basis**" is 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:

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

where:

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

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

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

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

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

"D2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30; and

- (vii) if "**30E/360 (ISDA)**" is 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:

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

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 Poll" means a deed poll entered into by a New Issuer in connection with a Permitted Reorganisation;

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

"Early Redemption Amount (Regulatory)" 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;

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

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

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

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

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

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

"Interest Payment Date" means the First Interest Payment Date and any other 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 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;

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

"New Issuer" means a Surviving Entity which, following a Permitted Reorganisation, is a Person other than the Original Issuer;

"Non-core Business" means any business carried on by a Person other than its principal business;

"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, which shall be at least equal to the principal amount of any Note;

"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, which shall be at least equal to the principal amount of any Note;

"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;

"Original Issuer" means, for the purposes of a Permitted Reorganisation, the body corporate having the obligations as Issuer under the Notes prior to completion of such Permitted Reorganisation;

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

"Payment Business Day" means:

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

- (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

"Permitted Reorganisation" means:

- (i) in the case of a Subsidiary, an amalgamation, reorganisation, merger, consolidation or restructuring whilst solvent whereby the assets and undertaking of such Subsidiary are transferred to or otherwise vested in the Issuer or another Subsidiary of the Issuer; or
- (ii) in the case of the Issuer, a reconstruction, amalgamation, reorganisation, merger, demerger, consolidation, transfer of business or similar transaction whilst solvent where all of the following conditions are fulfilled:

(A) upon completion of such transaction:

- (1) where the Surviving Entity is the Original Issuer, the Original Issuer shall continue:
 - (a) to carry on all or substantially all of its business; and
 - (b) to hold all or substantially all of the assets held by it before such transaction,

provided that, for the avoidance of doubt, the conditions set out in (a) and (b) above shall not apply in the case of a demerger, transfer or business or similar transaction by which a Non-core Business or a non-substantial part of the business of the Original Issuer is vested in a Subsidiary of the Original Issuer, all or substantially all of whose share capital giving the right to vote at shareholders' meetings is owned or controlled by the Original Issuer; or

- (2) where the Surviving Entity is a New Issuer:
 - (a) such New Issuer shall be a body corporate in good standing validly organised and existing under the laws of the Republic of Italy;
 - (b) such New Issuer shall continue to carry on all or substantially all of the business of the Original Issuer; and
 - (c) all or substantially all of the assets held by the Original Issuer before such transaction shall be vested in such New Issuer;

- (B) both before and after completion of such transaction, no Event of Default shall have occurred and be continuing or would thereupon occur;
- (C) upon completion of such transaction, the Surviving Entity shall have the same or an improved Credit Rating or Credit Ratings (as the case may be) in comparison to the Credit Rating or Credit Ratings assigned to the Original Issuer by the relevant Rating Agency immediately before completion of such transaction, evidenced by a certificate to that effect from such Rating Agency or Rating Agencies (as the case may be) (which certificate shall be available for inspection at the specified office of the Fiscal Agent);
- (D) upon completion of such transaction, no tax, duty, assessment or governmental charge shall be imposed on Noteholders or Couponholders by the Republic of Italy which would not have been so imposed had such transaction not taken place;
- (E) where the Surviving Entity is a New Issuer, such New Issuer shall either assume the obligations of the Original Issuer under the Notes by operation of law under the doctrine of universal succession or:
 - (1) by means of the Deed Poll and such other documents (if any) as are necessary for such purpose ("**Additional Documents**"), undertake to the Noteholders to be bound by the provisions of the Notes as fully as if the New Issuer had been named in the Notes as the debtor in respect of the Notes in place of the Original Issuer;
 - (2) have entered into a supplemental agency agreement ("**Supplemental Agency Agreement**") agreeing to be bound by the Agency Agreement as if it had been a party thereto in place of the Original Issuer;
 - (3) have maintained the listing of the Notes on each Stock Exchange (including the regulated market of the Luxembourg Stock Exchange) on which the Notes are listed following such transaction and, if required by such Stock Exchange, have published a supplement to the base prospectus in accordance with applicable law and/or the rules of such Stock Exchange and have provided notice to Noteholders of the New Issuer in accordance with Condition 18 (*Notices*); and
 - (4) have appointed the process agent appointed by the Original Issuer in Condition 21(e) (*Process Agent*) as its agent in England to receive service of process on its behalf in relation to any legal actions or proceedings arising out of or in connection with the Notes, the Deed Poll, the Additional Documents or the Supplemental Agency Agreement;

- (F) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Notes, the Coupons and the Agency Agreement and (if applicable) the Deed Poll, the Additional Documents and the Supplemental Agency Agreement represent valid, legally binding and enforceable obligations of the Surviving Entity shall have been taken, fulfilled and done and are in full force and effect; and
- (G) the Surviving Entity shall have obtained opinions addressed to the Fiscal Agent from legal counsel with a leading securities practice in the relevant jurisdiction as follows (and where applicable):
 - (1) in the Republic of Italy, as to the fulfilment of the conditions in paragraphs (A)(2)(a), (D) and (F) above; and
 - (2) in England, as to the fulfilment of the condition in paragraph (F) above, which opinions shall be available for inspection at the specified office of the Fiscal Agent,

and, in the event of any Permitted Reorganisation of the Issuer whereby the Surviving Entity is a New Issuer, any reference in these Conditions to the "**Issuer**", shall be a reference to such New Issuer, with effect from the date on which a Permitted Reorganisation becomes effective under applicable law;

provided always, that (i) a Permitted Reorganisation of the Issuer whereby the Surviving Entity is the Original Issuer shall not apply to Condition 12(a)(viii) (*Winding up etc*); and (ii) following a Permitted Reorganisation of the Issuer whereby the Surviving Entity is a New Issuer, references to obligations under the Notes in Conditions 12(a)(ii) (*Breach of other obligations*), (x) (*Failure to take action, etc*) and (xi) (*Unlawfulness*) shall (in the case of Senior Notes) be deemed to include obligations under the Deed Poll.

"**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*:

- (iii) 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
- (iv) 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;

"Rating Agency" means Moody's Investors Service, Inc., Standard & Poor's Rating Services, a division of McGraw-Hill Companies, Inc., Fitch Ratings Limited or DBRS Ratings Limited or any other rating agency of similar international standing;

"Redemption Amount" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Early Redemption Amount (Regulatory), 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 any relevant conditions required by the Relevant Authority pursuant to Article 78 of the CRR are met;

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

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

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

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

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

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

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

"**Subordinated Notes**" means 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 the Issuer at any particular time, any Person:

- (i) at whose shareholders' ordinary meetings the Issuer has at its disposal either (A) a majority of the votes that may be cast or (B) a sufficient number of votes to give it a dominant influence over such shareholders' meetings;
- (ii) over whom the Issuer exercises a dominant influence by virtue of certain contractual relationship(s); or
- (iii) who financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the Issuer;

in the case of (i) and (ii) above, whereby any rights or votes referred to above include the rights and votes (i) of any other Subsidiary of the Issuer and (ii) which are exercisable by any trustee or fiduciary or other intermediate person as provided under Article 2359 first and second paragraphs of the Italian Civil Code;

"**Surviving Entity**" means, for the purposes of a Permitted Reorganisation, the body corporate having the obligations as Issuer under the Notes upon completion of such Permitted Reorganisation;

"**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 on the Functioning of 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 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (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; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement as amended and/or supplemented up to and including the Issue Date of the Notes.

3. **Form, Denomination and Title**

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

The Notes are denominated in such currency as may be specified in the relevant Final Terms (the "**Specified Currency**"). Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

4. **Status**

- (a) *Status of Senior Notes*

- (i) *Application:* This Condition 4(a) applies only to Senior Notes.
 - (ii) *Status:* Senior Notes and any relative Coupons constitute direct, general and unconditional obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by mandatory provisions of law.
- (b) *Status of the Subordinated Notes*
- (i) *Application:* This Condition 4(b) applies only to Subordinated Notes.
 - (ii) *Status of Subordinated Notes:* Subordinated Notes and any relative Coupons constitute unsecured and subordinated obligations of the Issuer and, subject to the provisions of this Condition 4(b), 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.
 - (iii) *Winding-up etc.:* In the event of the winding up, dissolution, liquidation or bankruptcy of the Issuer (including, *inter alia*, *Liquidazione Coatta Amministrativa* of the Issuer), the payment obligations of the Issuer under each Series of Subordinated Notes and the relative Coupons will rank in right of payment (A) after unsubordinated unsecured creditors (including depositors and any holder of Senior Notes and their respective Coupons) of the Issuer but (B) at least *pari passu* with all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior or senior to such Series of Subordinated Notes and (C) in priority to the claims of shareholders of the Issuer.
 - (iv) *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.

5. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 5 (*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 (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 annually, semi-annually, quarterly or monthly in arrear, as specified in the Final Terms, on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (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.

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

- (a) *Application*: This Condition 6 (*Floating Rate and CMS Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the 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 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is 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.

Investors should consult the Issuer in case they require a copy of the ISDA Definitions.

- (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 Issuer, the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in 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 6 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.

7. **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 5 (*Fixed Rate Note Provisions*) or Condition 6 (*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 18 (*Notices*) and delivering such notice to the Paying Agent and the Calculation Agent 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 18 (*Notices*) prior to the relevant Switch Option Expiry Date.

8. **Zero Coupon Note Provisions**

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

9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*) and, in the case of Subordinated Notes in Condition 9(f) (*Redemption of Subordinated Notes*).
- (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 the 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:

- (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes;
- (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- (3) 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:

- (A) 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
- (B) 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 two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(b).

- (c) *Redemption for Regulatory Reasons:*

- (A) *Application*: This Condition 9(c) applies only to Notes specified in the applicable Final Terms as being Subordinated Notes.
- (B) *Redemption*: If, at any time the Issuer determines that a Regulatory Event has occurred, the Notes may be redeemed at the option of the Issuer (subject to Condition 9(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 18 (*Notices*) to the Noteholders.

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

Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 9(c), at their Early Redemption Amount (Regulatory) described in the relevant Final Terms, or together with accrued interest (if any) to (but excluding) the date fixed for 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 (but excluding) such date).
- (e) *Partial redemption*: If the Notes are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law and the rules of each listing authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation, and the notice to Noteholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be 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 9: (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:* This Condition 9(g) applies only to Senior Notes and if the Put Option is specified in the relevant Final Terms as being applicable. The Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(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 9(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 9(g), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 9(a) (*Scheduled redemption*) to (g) (*Redemption at the option of Noteholders*) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the

date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

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

- (j) *Purchase*: The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, provided that:
 - (i) all unmatured Coupons are purchased therewith; and
 - (ii) Subordinated Notes may only be purchased, to the extent permitted by the Applicable Banking Regulations, by the Issuer or any of its Subsidiaries subject to the prior approval of the Bank of Italy, unless the Notes to be purchased (A) do not exceed 10 per cent. of the aggregate nominal amount of the relevant Series and (B) are not to be purchased in order to be surrendered to any Paying Agent for cancellation.
- (k) *Cancellation*: All Notes which are so redeemed or purchased and subsequently surrendered for cancellation by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

10. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency (in the case of a sterling cheque, a town clearing branch of a bank in the City of London).
- (b) *Interest*: Payments of interest shall, subject to Condition 10(h) (*Payments other than in respect of matured coupons*) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 10(a) (*Principal*) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.

- (d) *Payments subject to fiscal laws:* All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*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 Condition 10(a) (*Principal*) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.
- (f) *Unmatured Coupons void:* If the relevant Final Terms specifies that this Condition 10(f) is applicable or that the Floating Rate Note Provisions or the CMS Linked Interest Note Provisions are applicable, on the due date for final redemption of any

Note or early redemption in whole of such Note pursuant to Condition 9(b) (*Redemption for tax reasons*), Condition 9(c) (*Redemption for regulatory reasons*), Condition 9(g) (*Redemption at the option of Noteholders*), Condition 9(d) (*Redemption at the option of the Issuer*) or Condition 12 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.

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

11. **Taxation**

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 taxes, duties, assessments or governmental charges of whatsoever nature ("**Taxes**") imposed, or levied, collected, withheld or assessed by the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders or Couponholders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes or (as the case may be) Coupons in the absence of the withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (j) presented for payment by, or on behalf of, a holder who is liable to Taxes in respect of the Note or Coupon by reason of his having some connection with the Republic of Italy other than the mere holding of the Note or Coupon; or
- (k) presented for payment in the Republic of Italy; or

- (l) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of imposta sostitutiva pursuant to Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**"), as amended from time to time; or
- (m) in all circumstances in which the procedures to obtain an exemption from imposta sostitutiva set forth in Decree 239, as amended from time to time, or related implementing regulations, have not been met or complied with, except where such procedures have not been met or complied with due to the actions or omissions of the Issuer or its agents; or
- (n) presented for payment by a holder who is a non Italian resident legal entity or a non Italian resident individual, to the extent that interest or other amounts is paid to a non Italian resident legal entity or a non Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy according to Article 6 of Decree 239; or
- (o) presented for payment more than thirty (30) days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- (p) 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/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (q) presented for payment by or on behalf of a holder who would have been entitled 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.

12. **Events of Default**

- (a) *Event of Default relating to Senior Notes:* This Condition 12(a) applies only to 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 amount of interest in respect of the Notes, in each case, within seven days of the due date for payment thereof; or
 - (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 and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer by any Noteholder, has been delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
 - (iii) *Cross-default of Issuer or Subsidiary:*
 - (A) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period; or

- (B) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; 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 aggregate amount of the Indebtedness or Guarantee in respect of which one or more of the events mentioned above in this Condition 13(a)(iii) have occurred exceeds €5,000,000 or its equivalent in any other currency; or

- (iv) *Enforcement proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not opposed by the Issuer, any of its Subsidiaries or any third party within the term provided for by law or, if opposed, the relevant opposition is rejected without leave for further appeal; or
- (v) *Security enforced*: a secured party legally takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries and, in the case of seizure before judgment or interlocutory process, is not discharged or revoked within 10 days; or
- (vi) *Insolvency etc*: (A) the Issuer or any of its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (B) an administrator or liquidator of the Issuer or any of its Subsidiaries or the whole or any material part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries is appointed (or application for any such appointment is made) or (C) the Issuer or any of its 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 material part of its Indebtedness or any Guarantee of any Indebtedness given by it; or
- (vii) *Cessation of business*: the Issuer or any material part of its Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than for the purposes of or pursuant to a Permitted Reorganisation); or
- (viii) *Winding up etc*: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries (otherwise than for the purposes of or pursuant to a Permitted Reorganisation); or
- (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; or

- (x) *Failure to take action etc*: any action, condition or thing at any time required to be taken, fulfilled or done by the Issuer in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons 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,

then any Noteholder may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest (if any) without further action or formality. Notice of any such declaration shall promptly be given to the Noteholders.

- (b) *Event of Default relating to Subordinated Notes*: This Condition 12(b) applies only to Subordinated Notes. In the event of a winding up of the Issuer other than for the purposes of or pursuant to a Permitted Reorganisation or an amalgamation, merger, reconstruction or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, any holder of a Subordinated Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare the Subordinated Notes to be forthwith due and payable whereupon the same shall, subject to the Bank of Italy's approval, become forthwith due and payable at the Early Termination Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

13. **Prescription**

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

14. **Replacement of Notes and Coupons**

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

15. Agents

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

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

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer will ensure that it maintains a Paying Agent in an EU member state 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 which requires 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 such listing authority, stock exchange and/or quotation system.

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

16. Meetings of Noteholders; Modification and Waiver

- (a) *Meetings of Noteholders:* The Agency Agreement contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and shall be convened by it upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more Persons holding or representing one more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, one or more Persons being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* Reserved Matters may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which one or more Persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any

such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

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

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

17. Further Issues

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

18. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) and, if the Notes 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.

19. Currency Indemnity

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

business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

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

20. **Rounding**

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

21. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law, except for Conditions 4(b) (*Status of Subordinated Notes*), 9(f) (*Redemption of Subordinated Notes*) and 12(b) (*Events of Default relating to Subordinated Notes*) and any non-contractual obligations arising out of or in connection with such Conditions, which are governed by, and shall be construed in accordance with, Italian law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including a dispute relating to the existence, validity or termination of the Notes or any non-contractual obligation arising out of or in connection with the Notes) or the consequences of their nullity.
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Condition 21(b) (*English courts*) is for the benefit of the Noteholders only. As a result, nothing in this Condition 21 (*Governing Law and Jurisdiction*) prevents any Noteholder from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Noteholders may take concurrent Proceedings in any number of jurisdictions.
- (e) *Process agent*: The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to The Italian Chamber of Commerce and Industry at 1 Princes Street, London W1B 2AY 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 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 SELLA HOLDING S.p.A.

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

under the €1,500,000,000

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 18 July 2014 [and the supplement to the base prospectus dated [] which [together] constitute[s] a 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". 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: []
 (Condition 2(a) (*Interpretation – "Calculation Amount"*)))
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*

6. [(i)] Issue Date: []
 (Condition 2(a) (*Interpretation – "Issue Date"*))
- [(ii)] Interest Commencement Date (if different from the Issue Date): [Specify/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 5 (*Fixed Rate Note Provisions*) / Condition 6 (*Floating Rate and CMS Linked Interest Note Provisions*) and Condition 8 (*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 9(g) (*Redemption and Purchase – Redemption at the option of Noteholders*) or (Condition 9(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 9(e) (*Redemption and Purchase – Partial redemption*)))
11. (i) Status of the Notes: [Senior Notes [Subordinated Notes]]
(Condition 4 (*Status*))
- (ii) Date [Board] approval for issuance of Notes obtained: []/[Not Applicable]
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of 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 5 (*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 5(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 (ISDA)]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]/[Actual 360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
(Condition 2(a) (*Interpretation – "Day Count Fraction"*))
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 6 (*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 6 (*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 6 (*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 6(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 6(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 6(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 6(f) (*Floating Rate and CMS Linked Interest Note Provisions – Maximum or Minimum Rate of Interest*))
- (xi) Day Count Fraction: [Actual/Actual]/[Actual/Actual (ISDA)]/[Actual/Actual (ICMA)]/[Actual/365 (Fixed)]/[Actual 360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
14. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
Condition 8 (*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 9(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 9(e) (*Redemption and Purchase – Partial Redemption*) (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Optional Redemption Date(s) (Call): []
(Condition 2(a) (*Interpretation –*

(ii) *"Optional Redemption Date (Call)"*)
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 9(d) (*Redemption and Purchase – Redemption at the option of the Issuer*) and Condition 9(e) (*Redemption and Purchase – Partial Redemption*)

16. **Regulatory Call:** [Condition 9(c) is applicable/Not Applicable]

Condition 9(c) (*Redemption and Purchase – Redemption for regulatory reasons*) (Only applicable for Subordinated Notes. If not applicable, delete the remaining sub-paragraphs of this paragraph)

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

Condition 9(g) (*Redemption and Purchase – Redemption at the option of Noteholders*) (Applicable only to Senior Notes/if not applicable, delete the remaining sub-paragraphs of this paragraph)

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

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

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

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

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

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

18. Early Redemption Amount:

Early Redemption Amount(s) payable on redemption for taxation or regulatory reasons or on event of default:

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

[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 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 Business Days: [Not Applicable/give details. Note that this paragraph relates to the place of 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.]

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 [the Regulated Market of the Luxembourg Stock Exchange]/[] with effect from [].]/[Not Applicable]
(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)
- (iii) Estimated total expenses of []/[Not Applicable] admission to trading:

2. RATINGS

Ratings: [The Notes to be issued have been rated:

[Moody's: []]
[[Fitch]: []]
[[Standard & Poor's]: []]
[[DBRS:] []]
[[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]: []]
[[DBRS:] []]
[[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**".)]*

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: []/[Not Applicable]

[5. ***Floating Rate Notes and CMS 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 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) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, Luxembourg and the relevant identification number(s): [Not applicable/give name(s), number(s) and address(es)]
- (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 and addresses of Managers: [Not Applicable/give names and addressess]

(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.)
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name(s) and address(es)]
- 10. If non-syndicated, name of Dealer: [Not Applicable/give name and address]
- 11. US Selling Restrictions: [Reg. S Compliance Category 2 / TEFRA [C/D] Not Applicable]

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Clearing System Accountholders

Each Global Note will be in bearer form. Consequently, in relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a 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 30 days of the bearer requesting such exchange.

If:

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

then the Temporary Global Note (including the obligation to deliver a Permanent Global Note or increase the principal amount thereof or deliver Definitive Notes, as the case may be) will become void at 5.00 p.m. (Luxembourg time) on such seventh day (in the case of (a) above) or at 5.00 p.m. (Luxembourg time) on such thirtieth 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 18 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 18 (*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 30 days of the bearer requesting such exchange.

If:

Definitive Notes have not been delivered by 5.00 p.m. (Luxembourg time) on the thirtieth day after the bearer of a Permanent Global Note has duly requested exchange of the Permanent Global Note for Definitive Notes; or

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

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

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

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 an overview of certain of those provisions:

Payments: All payments in respect of the Global Note will be made through Euroclear and Clearstream 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 Classic Global Note, the payment is noted on a schedule thereto and, in respect of a New Global Note, the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Exercise of put option: In order to exercise the option contained in Condition 9(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 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.

Partial exercise of call option: In connection with an exercise of the option contained in Condition 9(d) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Permanent Global Note may be redeemed in part in the principal amount specified by the Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions but in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg, at their discretion, as either a pool factor or a reduction in principal amount).

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

Payment Business Day: Notwithstanding the definition of "Payment Business Day" in Condition 2 (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 depository or a common depository 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

Incorporation

Banca Sella Holding S.p.A. ("**Banca Sella Holding**" or the "**Bank**" or the "**Issuer**") is a credit institution incorporated in Italy under registration number 01709430027 under the laws of Italy as a company limited by shares (*società per azioni*) on 4 October 1991, with a duration running until 31 December 2075, which may be extended with shareholder approval.

Banca Sella Holding has its registered office at Piazza Gaudenzio Sella 1, 13900 Biella, Italy and its telephone number is +39 015 35011.

Historical Background

The history of the Bank dates back to the end of the 19th century, when some members of the Sella family, who had been running a textile business for over three centuries, decided to establish a banking institution which was founded on 23 August 1886 as a limited partnership under the name "Banca Gaudenzio Sella & C." (the original name of the Issuer). The first branch was opened soon afterwards.

In 1933, when Gaudenzio Sella died, his son, Ernesto Sella, became Managing Partner of the banking institution, which was converted in 1949 into a company limited by shares (*società per azioni*), with Ernesto and his brother Giorgio Sella respectively as Chairman and Managing Director. In 1965 the name of the Bank was changed to "Banca Sella S.p.A."

In 1974 Giorgio became Chairman, while the son of Ernesto, Maurizio Sella, became Managing Director. The company started expanding from its base in Piedmont in north-west Italy to other Italian regions, either through the opening of new branches or through acquisition of existing banks. The Issuer also expanded its presence abroad.

Group Structure

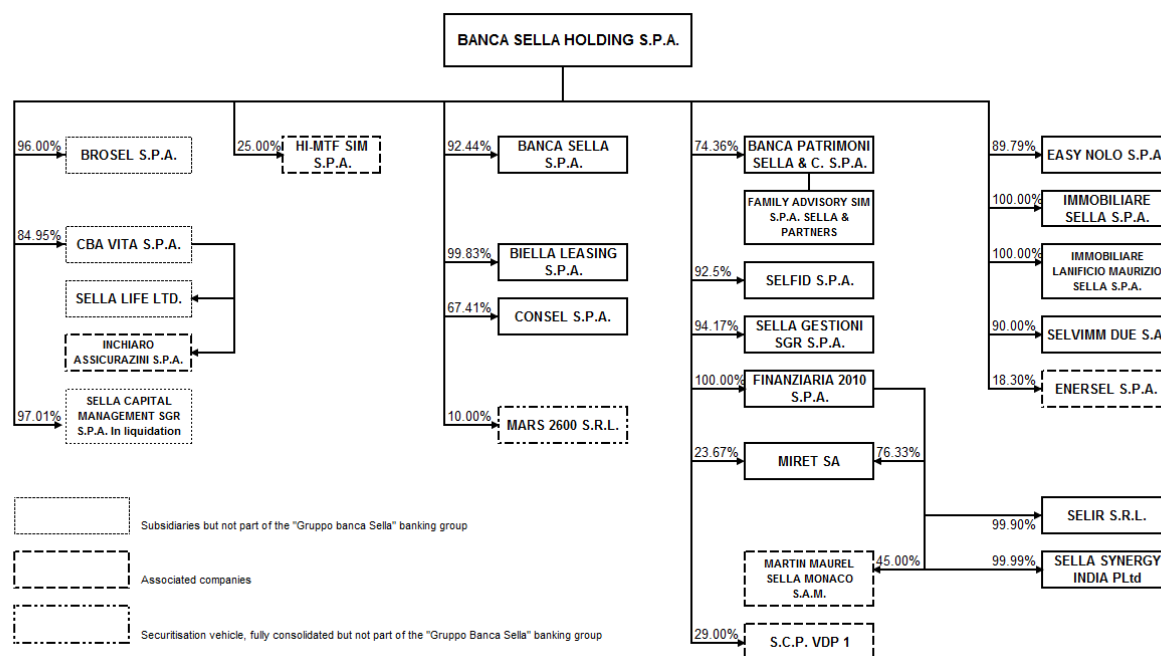
The process of fast and steady growth led to the creation of "Gruppo Banca Sella" and, on 11 August 1992, it was enrolled on the register of Banking Groups kept by the Bank of Italy. The group comprising the Issuer and its subsidiaries (the "**Group**") currently includes 16 companies (plus three companies in the insurance business included in the consolidation area of the Group, for accounting purposes, but not in the banking group and one company in liquidation) focused on different financial activities providing a wide range of products and services with 4,042 employees as at 31 December 2013.

The Bank is the ultimate holding company of the Group and coordinates and supervises all the companies of the Group. The Bank's share capital is wholly owned by the Sella family through a structure of holding companies (limited partnerships) which, together with specific clauses in the Bank's articles of association (mainly relating to pre-emption rights) protect Banca Sella Holding from hostile takeovers.

The intention of the Sella family to retain control of the Bank is also underlined by the fact that a number of Sella family members hold various positions in the Bank; Maurizio Sella is the

Chairman and his son, Pietro, is Managing Director and General Manager. To improve corporate governance, several measures have been implemented, including the appointment of independent directors to the Bank's Board of Directors and the creation of the Audit Committee and the Remuneration Committee, which are entirely composed of independent directors.

The following chart¹ shows the structure of the Group as at the date of this Base Prospectus.



Business and Strategic Objectives

The Group, through Banca Sella Holding and its subsidiaries, offers a wide range of financial services, including commercial banking, consumer credit, asset management, leasing, insurance, private banking, securities brokerage, e-banking and corporate finance.

Those services are distributed through a network consisting principally of the commercial bank Banca Sella S.p.A. ("**Banca Sella**") and the private banking bank Banca Patrimoni Sella & C. S.p.A. ("**Banca Patrimoni**").

Although the core business of Banca Sella Holding is commercial banking (through the nationwide branch network of Banca Sella) and private banking (principally through the branch network of Banca Patrimoni), the Bank has dealt with the challenge of the limitations imposed by its size by developing internet banking, mobile banking and other innovative channels and specialising in business areas that are characterised by high expected growth rates and relatively higher returns.

Management's policy includes: (i) the further development of business lines such as private banking and asset management, through units that provide their customers with a global advice

¹ Source: Issuer's internal data

service, electronic payment systems and e-commerce and finance, areas in which the Bank is very strong and capable to increase its position despite growing competition; and (ii) the updating of its products and services in line with the most recent technology developments.

A management strategy of developing new areas of business and new delivery channels has led the Bank and the Group to pay a great deal of attention to the opportunities offered by technological innovation, aiming at offering customers the most suitable products. The interest in the opportunities offered by the web has allowed a rapid development of internet banking initiatives that have enabled the Group to reach a broader market, removing some of the hurdles arising from the Group's size.

During the last few years, the Group has started a reorganisation process aimed at: (i) allowing the younger family members and key managers to gradually increase their responsibilities; (ii) reducing the number of subsidiaries by merging related businesses; (iii) reorganising the Group's structure through the disposal of branches; and (iv) making management changes with a view to increasing efficiency (see also "Recent Developments"). In addition, a significant improvement and strengthening of controls took place together with a phase of consolidation of the growth previously achieved, which involved tighter cost control and a downsizing of the international presence.

As a consequence of the above reorganisation and related disposals of branches, as at 31 December 2013, the Group had 304 branches (all located in Italy), compared to 332 as at 31 December 2012, (see also "Recent Developments").

The following table shows a breakdown of the Group's branches by region as at 31 December 2013.

Italian branches of the Group's banks by geographical area as at 31 December 2013²

Region	Number
North West (Piedmont, Valle d'Aosta, Lombardia, Liguria)	168
North East (Veneto, Emilia Romagna, Friuli)	31
Centre (Tuscany, Lazio, Molise, Abruzzo, Marche)	35
South and Islands (Campania, Puglia, Sicily, Sardinia)	70
Total	304

Commercial Banking

The distribution of banking and financial products in Italy is carried out by the Group companies set out below.

Banca Sella S.p.A.

Banca Sella S.p.A. ("**Banca Sella**") owns a nationwide network of branches totalling 293 as at 31 December 2013. Historically, Banca Sella mainly established its branches in the Piedmont

² Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

region but, subsequently, it enlarged its operations in other important financial centres such as Milan, Rome, Genoa, Verona, Naples, Modena, Bologna, Ferrara, Brescia, Florence and Cagliari. As at 31 December 2013, the distribution of the branches by region was as follows: 138 branches in Piedmont and Valle d'Aosta, 29 in Puglia, 21 in Sicily, 17 in Lombardy, 16 in Lazio, 15 in Emilia Romagna, 15 in Campania, 12 in Veneto and the remaining 30 in Abruzzo, Marche, Liguria, Tuscany, Molise, Friuli and Sardinia.

As at 31 December 2013, the Issuer held 92.44 per cent. of Banca Sella's ordinary share capital.

See also "Recent Developments".

Banca Sella's total assets amounted to € 10,088.2 millions as at 31 December 2013 and its operating profit for the year ended 31 December 2013 was € 20.4 millions.

Specialist Financial Services

Leasing

Customer financing is mainly carried out by Banca Sella, principally in the form of personal loans, mortgage loans and current account financing. The financial leasing service is carried out on behalf of the Group by Biella Leasing S.p.A. ("**Biella Leasing**"), which was established in Biella in 1980 and in which, as at 31 December 2013, the Issuer held 99.83 of its ordinary share capital. As at 31 December 2013, the total assets of Biella Leasing S.p.A. amounted to € 1,012.9 million.

Consumer credit

Consumer credit, including revolving cards and online credit facilities, is provided by Consel S.p.A. ("**Consel**"), in which, as at 31 December 2013, Banca Sella Holding held 67.41 per cent. of its ordinary share capital. Consel's total assets as at 31 December 2013 amounted to € 1,064.0 million.

Private banking and asset management

As regards private banking, the Group operates through Banca Sella and through the private banking bank Banca Patrimoni.

Banca Patrimoni also operates in the sector of individual asset management and includes a network of financial agents (*promotori finanziari*) which works in synergy with Banca Sella and supports the distribution of banking and financial products of the Group in many Italian regions.

As at 31 December 2013, the Issuer held 74.36 per cent. of its ordinary share capital. Banca Patrimoni had a network of ten branches as at 31 December 2013 (located in Turin, Genoa, Ventimiglia, Bologna, Rome, Milan, Naples, Biella and Palermo) and its assets under management amounted to € 3,373.8 million. During the first half of 2014 a branch in Turin was closed and a new branch was opened in Cagliari.

As at 31 December 2013 Banca Patrimoni held 85 per cent. of the ordinary share capital of Family Advisory SIM S.p.A. Sella & Partners, a multi-family office.

Asset management is carried out by Sella Gestioni SGR S.p.A. ("**Sella Gestioni**"). Its activity is carried out for retail clients and institutional investors. As at 31 December 2013, the Issuer held 94.17 per cent of its ordinary share capital, whereas its equity ratio was 94.84 per cent. Sella Gestioni's asset under management as at 31 December 2013 amounted to € 1,678.3 million.

Insurance and insurance brokerage

The Group also operates in the sector of life insurance through CBA Vita S.p.A. ("**CBA Vita**") and Sella Life Ltd. As at 31 December 2013, the Issuer held 84.95 per cent. of the ordinary share capital of CBA Vita, while each of Sella Gestioni and Banca Sella held, respectively, 8.17 per cent and 3.43 per cent. of CBA Vita share capital, whereas the Issuer's equity ratio was 95.88 per cent.. CBA Vita held as at 31 December 2013 100 per cent. of the ordinary share capital of Sella Life Ltd.. The insurance brokerage business is carried on by Brosel S.p.A., in which, as at 31 December 2013, Banca Sella Holding held 96.0 per cent. of the ordinary share capital. In accordance with Bank of Italy Regulations these subsidiaries are not included in the banking group "Gruppo Banca Sella" (for supervision purposes), as they do not carry on banking activity, but they are nonetheless included in the consolidation perimeter of the Group (for accounting purposes).

Other services

Within the Group, trusteeship (*fiduciaria*) activity is carried out by Selfid S.p.A., in which, as at 31 December 2013, the Issuer held 92.5 per cent. of the ordinary share capital.

The Group also includes a data processing company, Selir S.r.l., in which, as at 31 December 2013, Finanziaria 2010 S.p.A. ("**Finanziaria 2010**") held 99.90 per cent. and which provides services solely to Group companies. As at 31 December 2013 the Issuer held 100 per cent. of the ordinary share capital of Finanziaria 2010. Finanziaria 2010 was created on 1 July 2011, through the transfer of the registered office of Sella Holding N.V. (then incorporated in the Netherlands) to Italy and the change of its name into Finanziaria 2010 S.p.A.

The Group has two real estate companies, Immobiliare Sella S.p.A., in which, as at 31 December 2013, the Issuer held 100 per cent. of the ordinary share capital and Immobiliare Lanificio Maurizio Sella S.p.A., which is 100 per cent. owned by the Issuer.

The Group also includes Miret S.A., a common-law company operating under Luxembourg law, dealing exclusively with administrative activities deriving from transferred management of Sella Bank Luxembourg S.A.. As at 31 December 2013, the Issuer held 23.7 per cent. of the ordinary share capital and Finanziaria 2010 held 76.3 per cent. of the ordinary share capital.

The multibank portal Sella.it represents the Group in the Italian and international web environment and also represents a sales channel (in particular for products such as current accounts, payment services, mutual funds, POS and e-commerce), completely integrated with the branch network physically located on the territory. During the last 18 years the Group has constantly developed its range of services in order to make the most of business opportunities

connected with the Digital Economy (which include home banking, mobile banking, trading on line, e-commerce and "up mobile") so as to be more competitive and innovative and to be able to respond better to customer requirements. The strategy of the Group has always been developed by considering the customer at the centre and, as a result, the Bank leaves it to the customer to choose which channel to use, between physical and virtual channels, in order to obtain services.

The Issuer has also participations in small companies (included in the Group) such as Selvimm due S.A., a real estate company operating under Swiss law which owns the property where Sella Bank AG had its headquarters, Easy Nolo S.p.A. a company operating in the business of electronic payment systems and Sella Synergy India PLtd an Indian company, which on 15 February 2010 sold its information activities to Chennai Branch, "permanent establishment abroad" of Banca Sella. Sella Synergy India PLtd is still existing but no longer operative.

Lending

The lending activity of Banca Sella Holding is almost entirely carried out for other companies of the Group.

Banca Sella focuses its activity on the provision of banking services for individual and corporate customers. It offers short-term, medium-term and long-term loans. Corporate lending activity is mainly carried out to small and medium sized companies, mostly active on a regional or local basis and, to a limited extent, also to large companies. Within the Group, consumer finance business is carried out through Consel.

In relation to short term financing, as at 31 December 2013 the overall amount of such short term financing of the Issuer on a consolidated basis amounted to € 1,120.6 million, being 8.4 per cent. of total assets and 13.5 per cent. of total cash loans to customers.

The following table shows Group's amounts due from banks and cash loans to customers as at 31 December 2013 and 2012, broken down according to the type of loan.

Types of loans³

	As at 31 December			
	2013		2012	
	(€ millions)	(%)	(€ millions)	(%)
Due from banks				
a) Due from central banks	877.6	71,5	554.5	69,3
b) Due from banks	349.0	28,5	245.8	30,7
Current accounts and demand deposits.....	165.7	13.5	70.5	8.8
Term deposits	12.3	1.0	22.6	2.8
Financial leasing	-	-	-	-
Other loans and advances	167.5	13.7	151.3	18.9
Payables for own equity instrument repurchase commitments.....	-	-	-	-
Other payables	3.5	0.3	1.4	0.2
Total due from banks	1,226.6	100	800.3	100

³ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

Cash loans to customers⁴

Current accounts	1,120.6	13.5	1,284.8	14.9
Repurchase agreements	107.1	1.3	61.6	0.7
Mortgage loans	3,628.2	43.6	3,719.8	43.1
Credit cards, personal loans, salary-backed loans	1,307.3	15.7	1,255.7	14.6
Financial leasing	970.2	11.7	1,024.4	11.9
Factoring	-	-	-	-
Other operations	1,181.9	14.2	1,274.8	14.8
Debt securities	0.2	0.0	1.0	0.0
Total cash loans to customers	8,315.5	100	8,622.1	100

The following table shows the market shares in relation to cash loans of the banks of the Group as at 31 December 2013 and 2012.

Cash loans market shares

	As at 31 December	
	2013	2012
	(%)	(%)
Italy	0.44	0.44
Piedmont (region)	3.39	3.35

Source: data prepared by the Budgetary Control on the basis of system data provided by Bank of Italy

Credit Policy

When an application for credit is received by Banca Sella, the proposal is first evaluated by the decision-making body at the branch receiving the application directly on the basis of enquiries made on the applicant and on the securities which may be taken in respect of the loan. This body may, within the limits of its autonomy, accept or refuse the request, sometimes modifying the original proposal (for example by requesting further security or proposing a reduction in the credit requested).

Depending on the size of the credit applied for and on the particular type of credit, loans are approved at various levels in each bank's managing structure, beginning at the lower level of branch head and might progress as far as the Board of Directors.

A large portion of these cash loans are secured by mortgages, pledges or other collateral or covered by various types of security. As at 31 December 2013, secured cash loans to customers represented 63.7 per cent. of total cash loans to customers.

The following table shows Group's secured cash loans to customers as at 31 December 2013 and 2012, broken down according to the type of security.

⁴ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

Secured cash exposure to customers⁵

	As at 31 December	
	2013	2012
	<i>(€ thousand)</i>	
a) Security over:	8,353,250	7,429,479
1. Real estate.....	7,436,085	7,016,659
2. Financial instruments.....	456,252	373,786
3. Other security	460,913	39,034
b) Guarantees given by:	3,394,182	915,029
1. Governments and central banks.....	12,381	10,239
2. Other public bodies.....	1,565	1,661
3. Banks.....	3,037	7,151
4. Other subjects	3,377,199	895,978
Total secured cash exposure to customers.....	11,747,432	8,344,508

Credit Risk Evaluation and Monitoring

Banca Sella Holding is progressively developing its own Internal Rating Systems according to Supervision Standards, in order to qualify in the future for the use of Internal Rating Based Approaches.

At present the process of assigning a rating, adopted by Banca Sella Holding and by the commercial bank of the Group, concerns all customers with a loan or a credit. A credit rating or a credit scoring is assigned to retail customers and to all entities which operate in the following sectors: industrial, trade, services, long term production (grandi opere), as well as agriculture, cooperatives, government organisations and financial entities.

Lending activity is subject to monitoring activity on the credit quality of the borrowers carried out by the Credit Control Department. For this purpose the department constantly verifies trends and the use of credit lines granted to customers using special procedures, which take into consideration different anomalies that might be identified in the relationship with customers and the specific type of credit and automatically reports the anomaly directly to the branch responsible for each customer. The branch will then take the necessary actions to resolve the anomaly.

Non-performing and other problematic loans

In accordance with the Bank of Italy's system of classification, problematic exposures towards borrowers are divided into four categories:

- non-performing exposures (*sofferenze*), where the borrower is insolvent (whether or not the insolvency is declared by a court) or in substantially equivalent situations, irrespective of any loss estimates made by the bank;

⁵ Source: audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012

- watchlist exposures (*partite incagliate*), where the borrower is in a situation of temporary difficulty which nevertheless is considered likely to be overcome within a reasonable time;
- restructured exposures (*esposizioni ristrutturate*), where, because of the deteriorating economic and financial condition of a debtor, the lender agrees to change the original contractual terms; and
- past due exposures (*esposizioni scadute*), which are financial facilities overdue and/or in which the credit limit has been exceeded on an ongoing basis for more than 90 days.

The following table shows a breakdown of the Group's impaired cash exposure to customers as at 31 December 2013 and 2012.

Impaired cash exposure to customers⁶

	As at 31 December	
	2013	2012
	<i>(€ thousand)</i>	
Customers		
Net non-performing exposures	307,247	258,951
Net watchlist exposures	227,577	239,841
Net restructured exposures	26,907	27,912
Net past due exposures	84,705	83,649
Total	646,436	610,353
Total cash exposure to customers.....	8,315,535	8,622,099

As at 31 December 2013 and 2012, the Group had no impaired cash exposures to banks.

Funding

The commercial bank Banca Sella, controlled by the Issuer, benefits from a historically large and stable customer base through their branch network and obtains funding mainly through retail customers, through deposit-taking and bonds.

Banca Sella Holding is responsible for managing the Group's liquidity position, which benefits from the contribution of the commercial bank, with its stable funding profile mostly coming from retail customers. The Issuer's funding needs are principally met through deposits by Banca Sella (the Group's commercial bank), institutional repurchase agreements for the refinancing of Government bonds and repurchase agreements with ECB (LTRO and MRO funding). In addition, during 2013 and the first half of 2014 the Group has placed in the market senior notes arising from three different securitisations, (Monviso 2013 (ABS), Monviso 2014 (ABS) and Mars 2600 Series V (RMBS)) for a total amount of around € 631 million.

⁶ Source: audited consolidated annual financial statements of the Issuer as at and for the years ended 31 December 2013 and 2012

The following table shows the Group's customer deposits as at 31 December 2013 and 2012, broken down according to type of funding.

Direct deposits⁷

(due to customers including repos and outstanding securities)

	As at 31 December	
	2013	2012
	<i>(€ millions)</i>	
Current accounts and demand deposits.....	6,931.1	6,780.8
Term deposits	1,026.0	977.2
Other items	140.9	137.9
Outstanding securities.....	1,207.6	1,454.2
Repurchase agreements	54.1	122.2
Total.....	9,359.7	9,472.3

The following table⁸ shows the Group's amounts due to banks as at 31 December 2013 and 2012, broken down according to type of funding.

	As at 31 December	
	2013	2012
	<i>(€ millions)</i>	
a) Due to central banks	877.6	554.5
b) Due to banks	349.0	245.8
Current accounts and demand deposits.....	165.7	70.5
Term deposits	12.3	22.6
Loans and advances	167.5	151.3
Others	3.5	1.4
Total due to banks	1,226.6	800.3

The following table⁹ shows the market shares of the banks of the Group in relation to customer deposits as at 31 December 2013 and 2012.

Customer deposits market shares

	As at 31 December	
	2013	2012
	<i>(%)</i>	<i>(%)</i>
Italy	0.63	0.64

⁷ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

⁸ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

⁹ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

Piedmont (region) 3.85 3.66
Source: data prepared by the Budgetary Control on the basis of system data provided by Bank of Italy

Capitalisation¹⁰

The following table shows the capitalisation of the Group as at 31 December 2013.

	As at 31 December 2013
	<i>(€ thousands)</i>
Capital stock	107,014
Share premiums	105,551
Reserves.....	441,710
Valuation reserve.....	11,291
Capital instruments	-
Profit for the period	34,892
Total shareholders' equity	700,458

Financial Markets and Risk Management¹¹

The Issuer is active in the main domestic and international financial markets. In relation to regulated markets and multilateral trading facilities, the Issuer's position is as follows:

Market	Position
Italian Government Bond Market " Telematico " (MTS)	Primary Dealer
Italian Equity Derivatives Market (IDEM)	Dealer (Primary Market Maker on FTSE MIB MiniFuture)
Interbank Deposits Market (e-MID)	Dealer
Interbank Collateralized Market (e-MIC)	Dealer
Milan Stock Exchange (MTA, MTAH, SeDeX, MOT, EuroMOT, ExtraMOT, ETFplus)	Dealer
MMF Repo Market	Dealer
MTS Germany	Market Maker
EuroMTS	Market Maker
Eurex	Dealer
HI-MTF	Dealer/Market Maker

¹⁰ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

¹¹ Source: Issuer's internal data

EuroTLX	Dealer
BondVision	Dealer
Brokertec	Dealer

In relation to market risk, Banca Sella Holding monitors risk in two different ways, dependant on whether the risk arises from commercial activities (including commercial activities of the companies of the Group) or capital markets activities.

The main risk in commercial activities is that of re-pricing mismatch between assets and liabilities. In recent years the Bank has actively pursued a policy of assets and liabilities management aimed at stabilising interest margin by adopting new models to describe the dynamics and sensitivity of retail sight deposits to interest rates. Every month the Assets and Liabilities Management Committee meets to determine interest rate risk management strategy.

Value at Risk is used to measure risks in relation to capital markets activities, especially in relation to the activities carried out in the dealing room. Value at Risk calculated through historical simulation is a market standard method for risk evaluation.

Limits are assigned, both for intraday and overnight positions in relation to foreign exchange risk, money market risk, interest rate risk and bond and equity market risk.

As support to the trading activity and in order to achieve a correct management of those risks, a specific risk management and position keeping software is used. This software allows the monitoring of trading risk on a real time basis and includes the monitoring of counterparty risk.

The Risk Management Financial Control unit, which reports directly to the top management, is an independent unit which ensures that the assigned operating limits are correctly applied by the dealing room traders.

Regulatory capital

The Issuer has adopted risk-based capital ratios ("**Capital Ratios**") pursuant to EU capital adequacy directives. Italy's current capital requirements are in many respects 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 compare core (Tier I) and supplemental (Tier II) capital requirements to banks' assets and certain off-balance sheet items, weighted according to risks ("**Risk-Weighted Assets**").

The Issuer calculates and reports its capital adequacy ratios on a consolidated basis. The following table¹² shows the Issuer's capital levels and relevant ratios as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
	<i>(€ millions)</i>	
Regulatory capital		
Tier 1 capital.....	675.7	644.8
Tier 2 capital.....	382.1	423.5
Tier 1 and Tier 2 capital intangible items	-	(34.2)
Tier 3 capital.....	-	-
Regulatory capital including Tier 3	1,057.8	1,034.1
Credit and counterparty risks.....	543.5	568.2
Market risks.....	16.6	11.6
Operational Risks	82.1	81.9
Other capital requirements.....	-	-
Total capital requirements.....	642.3	661.7
Risk-weighted assets	8,028.3	8,271.0
	<i>(%)</i>	
Tier 1 capital/Risk-weighted asset (Tier 1 capital ratio)	8.42	7.80
Regulatory capital including Tier 3 capital/Risk-weighted assets (Total capital ratio).....	13.18	12.50

Share Capital

The authorised and paid up share capital of Banca Sella Holding as at 31 December 2013 was € 107.0 million, divided into 214,027,340 ordinary shares of nominal value € 0.50 each.

Management

The top management of Banca Sella Holding includes the Managing Director and General Manager (Pietro Sella) and a CoGeneral Manager (Attilio Viola).

Board of Directors

As at the date of this Base Prospectus, the Board of Directors of Banca Sella Holding is composed as follows:

Name	Title	Principal roles performed outside group
Maurizio Sella	Chairman	Chairman Banca Patrimoni Sella & C. S.p.A. Chairman Banca Sella S.p.A. Chairman Finanziaria 1900 S.p.A.

¹² Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

Name	Title	Principal roles performed outside group
		Chairman Finanziaria 2006 S.p.A.
		Chairman and acting partner Maurizio Sella S.a.p.A.
		Chairman Selban S.p.A.
		Director Sofise S.p.A.
		Director Finind S.p.A.
		Director Buzzi Unicem S.p.A.
		Director Compagnie Financiere Martin Maurel S.A.
Pietro Sella	Managing Director and General Manager	Chairman CBA Vita S.p.A.
		Vice Chairman Finanziaria 2006 S.p.A.
		Vice Chairman and acting partner Maurizio Sella S.a.p.A.
		Director Selim S.p.A.
		Director Sofise S.p.A.
		Director Borsa Italiana S.p.A.
Franco Sella	Vice Chairman	Vice Chairman Banca Sella S.p.A.
		Vice Chairman Finanziaria 1900 S.p.A.
		Vice Chairman Selim S.p.A.
		Vice Chairman Sella Gestioni S.G.R. S.p.A.
		Vice Chairman Sofise S.p.A.
		Acting partner Maurizio Sella S.a.p.A.
Lodovico Sella	Vice Chairman	Chairman Finind S.p.A.
		Chairman Selim S.p.A.
		Chairman Sofise S.p.A.
		Vice Chairman Selban S.p.A.
		Acting partner Maurizio Sella S.a.p.A.

Name	Title	Principal roles performed outside group
		Managing Director Finanziaria 1900 S.p.A.
		Director Immobiliare Lanificio Maurizio Sella S.p.A.
		Director Immobiliare Sella S.p.A.
Mario Bonzano	Director	Chairman Selir S.r.l.
		Vice Chairman Easy Nolo S.p.A.
		Director Sella Synergy India Ltd.
Franco Cavalieri	Director	-
Anna Maria Ceppi	Director	Chairman Consel S.p.A.
		Chairman Sella Gestioni S.G.R. S.p.A.
		Director Nova Re S.p.A.
		Director Namira S.G.R. S.p.A.
		Chairman of the Board of Statutory Auditors Orizzonte SGR S.p.A.
Massimo Condinanzi	Director	-
Mario Deaglio	Director	Vice Chairman Banca Patrimoni Sella & C. S.p.A.
Petrella Giovanni	Director	-
Ernesto Rizzetti	Director	Chairman Easy Nolo S.p.A.
		Acting partner Maurizio Sella S.a.p.A.
		Director Sofise S.p.A.
		Managing Director Enersel S.p.A.
Caterina Sella	Director	Director Cba Vita S.p.A.
		Director Sofise S.p.A.
Federico Sella	Director	Managing Director Banca Patrimoni Sella & C. S.p.A.
		Vice Chairman Family Advisory Sella & Partners SIM S.p.A.
		Director Finanziaria 1900 S.p.A.
		Director Finind S.p.A.

Name	Title	Principal roles performed outside group
		Director Selim S.p.A.
		Director Martin Maurel Sella Banque Privee Monaco S.A.M.
		Acting partner Maurizio Sella S.a.p.A.
Giacomo Sella	Director	Director Biella Leasing S.p.A.
		Director Finanziaria 1900 S.p.A.
		Acting partner Maurizio Sella S.a.p.A.
Sebastiano Sella	Director	Vice Chairman Biella Leasing S.p.A.
		Vice Chairman Maurizio Sella S.a.p.A.
		Vice Chairman Selfid S.p.A.
		Director Banca Patrimoni Sella & C. S.p.A.
		Director Banca Sella S.p.A.
Giovanni Zanetti	Director	Chairman Family Advisory Sella & Partners SIM S.p.A.
		Chairman Selfid S.p.A.

According to the Articles of Association of Banca Sella Holding, the Board of Directors consists of no less than seven and no more than 18 members. The number of members of the Board of Directors is set forth by the shareholders' meeting convened to resolve on the appointment of the Board of Directors. Directors are appointed for a period of no more than three financial years and may be re-appointed. Their appointment lasts until the date of the shareholders' meeting called for the approval of the financial statements in respect of the third financial year of appointment.

The Board of Directors, after each re-election and within ten days from the date of the ordinary shareholders' meeting, appoints one of its members as Chairman (if he/she was not already appointed in the same shareholders meeting where the Board of Directors was appointed), and one Vice-Chairman or more Vice-Chairman. The Board of Directors may also appoint a Managing Director (*amministratore delegato*).

The Board of Directors meets as a rule once a month and each time the Chairman or the Managing Director or three directors or two members of the board of statutory auditors deem that is necessary to call a meeting and in all other cases as provided for by law.

The Board of Directors is fully empowered to undertake the ordinary and extraordinary management of the company in order to carry out all actions that it considers appropriate to achieve and put into practice the company's objects, except for those powers that, by law, must be exercised by the shareholders' meeting.

The business address of each of the directors is Piazza Gaudenzio Sella, 1, 13900 Biella, Italy.

Conflicts of interest

As far as the Issuer is aware, there are no relevant potential conflicts of interest arising from the duties of the directors to the Issuer and their private interests or other duties, save for those which may arise from the other roles set out in the table above.

Audit Committee

The Audit Committee has been created by the Board of Directors and is presently composed of the following independent directors:

Name	Title
Cepi Anna Maria	Chairman
Mario Deaglio	Member
Giovanni Zanetti	Member

The Audit Committee has investigating, advisory and proposal functions and oversees the Issuer's internal audit activity.

Remuneration Committee

The Remuneration Committee has been created by the Board of Directors and is presently composed of the following independent directors:

Name	Title
Mario Deaglio	Chairman
Mario Bonzano	Member
Giovanni Zanetti	Member

The Remuneration Committee has proposal functions in relation to fixed and variable remuneration and for possible stock option or share assignment plans.

Board of Statutory Auditors

As at the date of this Base Prospectus, the Board of Statutory Auditors of Banca Sella Holding is as follows (having been appointed until the shareholders' meeting called for approval of the financial statements for the year ending 31 December 2014):

Name	Title
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Pia Mario	Chairman
Piccatti Paolo	Standing Auditor
Fré Daniele	Standing Auditor
Foglia Taverna Riccardo	Alternate Auditor
Ogliaro Pier Angelo	Alternate Auditor

According to the Articles of Association of Banca Sella Holding, the Board of Statutory Auditors is appointed by the shareholders and consists of three standing auditors, among whom a Chairman is appointed, and two alternate auditors. The shareholders' meeting fixes their remuneration. All statutory auditors continue in office for three financial years and may be re-appointed after the expiry of their term. Standing auditors must attend meetings of the Board of Directors and of the shareholders, and must themselves meet at least every 45 days.

Independent auditors

Deloitte & Touche S.p.A. was appointed as external auditor to the Issuer for the financial years from 2011 to 2019 pursuant to a shareholders' resolution passed on 2 May 2011. Deloitte & Touche S.p.A. is a member of Assirevi, the Italian Association of Auditors.

Employees

The following table¹³ shows the number of employees of the Issuer and of the Group (pursuant to article 2359, paragraph 1 and 2 of the Italian civil code, determined as a banking group and an insurance group) as at 31 December 2013 and 2012.

	As at 31 December	
	2013	2012
No of employees of Group	4,042	4,142
No of employees of Issuer	240	235

Recent Developments

On 1 October 2012 Banca Sella Nord Est Bovio Calderari (a commercial bank part of the Group active, through 41 branches, in the regions of Trentino Alto Adige, Veneto and Friuli Venezia Giulia) was merged into Banca Sella.

On 28 February 2013, the liquidation of Selgest S.A was completed. At the same time Selgest S.A. was cancelled from the official list of management companies.

¹³ Source: audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2013

On 28 February 2013 the sale of the entire equity interest in Sella Bank AG, a Swiss bank held by the Group and by Banque Martin Maurel, to Banca Privata Edmond de Rothschild Lugano SA., a leading Swiss listed bank, was completed.

On 10 June 2013, the sale to Cassa di Risparmio di Bolzano Sudtiroler Sparkasse of the business unit consisting of 26 Banca Sella branches in the provinces of Trento, Belluno, and Bolzano and the private banking office in Trento became effective. The aforesaid sale was designed to rationalise the network of Banca Sella geographically and territorially and to strengthen the capital of the Bank and the Group, guaranteeing continuity of the service supplied to customers.

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 overview 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 overview will not be updated to reflect changes in laws and if such a change occurs the information in this overview could become invalid.

*Law Decree No. 66 of 24 April 2014, converted in Law No. 89 of 23 June 2014 ("**Decree No. 66**") has introduced new tax provisions amending certain aspects of the tax regime of the Notes as summarized below. In particular, the Decree No. 66 has increased from 20 per cent. to 26 per cent. the rate of withholding and substitute taxes with respect to interest accrued, and capital gains realised, starting from 1 July 2014 on financial instruments, including the Notes other than bonds issued by certain public entities.*

Republic of Italy

Italian Tax Treatment of the Notes – General

Italian Legislative Decree No. 239 of April 1996, as amended and supplemented ("**Decree No. 239**") regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 only apply to Notes issued by the Issuer (a) with a maturity of eighteen months or more, and (b) to the extent that they 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 No. 917**").

Taxation of Interest arising in the hands of Italian Resident Noteholders

Pursuant to Decree No. 239, payments of Interest relating to Notes issued by the Issuer that fall within the definitions set out above are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 20 per cent, increased to 26 per cent. with reference to any Interest accrued starting from 1 July 2014 pursuant to the Decree No. 66, where an Italian resident holder of Notes is the beneficial owner of the relevant payment of Interest, and is:

- (a) an individual holding Notes otherwise than in connection with an entrepreneurial activity, unless he has entrusted the management of his financial assets, including the Notes, to an authorised intermediary and has opted for the so-called *risparmio gestito* regime (i.e. the Discretionary Investment Portfolio Regime) pursuant to Article 7 of the Italian Legislative Decree No. 461 of 21 November 1997, as amended ("**Decree No. 461**"); or

- (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership) or a *de facto* partnership not carrying out commercial activities or professional associations; or
- (c) a private or public institution not carrying out commercial activities; or
- (d) an investor exempt from Italian corporate income taxation.

All the above categories are usually referred as "net recipients".

Where the resident holders of the Notes described in (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, *imposta sostitutiva* applies as an advance income tax. Interest deriving from the Notes is included in the taxable income and *imposta sostitutiva* suffered may be deducted from the tax due. Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("*SIMs*"), fiduciary companies, *società di gestione del risparmio*, stockbrokers and other qualified entities resident in Italy (the "**Intermediaries**", and each an "**Intermediary**"), or by permanent establishments in Italy of foreign banks or Intermediaries, who are required to act in connection with the collection of Interest or in the transfer or disposal of Notes, including in their capacity as transferees.

Payments of Interest in respect of Notes issued by the Issuer that fall within the definitions set out above in "*Italian Tax Treatment of the Notes — General*" are not subjected to the *imposta sostitutiva* if made to beneficial owners who are:

- (i) Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected;
- (ii) Italian resident collective investment funds and SICAVs. The Interest must be included in the management results of the entity of the fiscal year. A withholding tax may be applied, at the rate of 20 per cent, increased to 26 per cent. starting from 1 July 2014 pursuant to the Decree No. 66, on income of the Fund or Sicav distributed to the unitholders and shareholders;
- (iii) Italian resident pension funds referred to in Legislative Decree No. 252 of 5 December 2005 ("**Pension Fund**"); in such a case Interest relating to the Notes must be included in the results of the relevant portfolio in the fiscal year and will be subject to a substitute tax. The tax rate of this substitute tax for the 2014 fiscal year is 11.5 per cent;
- (iv) Italian resident real estate investment funds (pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended, and Article 14-bis of Law No. 86 of 25 January 1994, as amended) or SICAF. The income of the real estate investment fund or the SICAF is subject to tax, in the hands of the unitholder or shareholder, depending on the status of the investor and the percentage of participation, as provided by the Law Decree No. 78 of 31 May 2010 converted in Law No. 122 of 30 July 2010;
- (v) Italian resident individuals holding Notes otherwise than in connection with entrepreneurial activity who have entrusted the management of their financial assets,

including the Notes, to an authorised financial intermediary and have opted for the Discretionary Investment Portfolio Regime (*Regime del Risparmio Gestito*).

Such categories are usually referred to as "gross recipients". To ensure payment of Interest in respect of the Notes without the application of the *imposta sostitutiva*, gross recipients must be the beneficial owners of payments of Interest on the Notes and deposit the Notes, together with the coupons relating to such Notes, in due time directly or indirectly with an Italian authorised financial Intermediary (or permanent establishment in Italy of a foreign intermediary).

Where the Notes and the relevant coupons are not deposited with an authorised Intermediary (or permanent establishment in Italy of foreign intermediary), the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian Intermediary paying Interest to the Noteholder or, alternatively, by the Issuer. In such respect it is worth pointing out that Italian resident corporations, or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, are entitled to deduct the *imposta sostitutiva* suffered from income taxes due. In more detail, Interest accrued on the Notes would be included in the taxable income subject to corporate income tax (and in certain circumstances, depending on the "status" of the Noteholder, also in the taxable income for purposes of regional tax on productive activities) in accordance with ordinary tax rules.

Taxation of Interest arising in the hands of Non-Italian Resident Noteholders

Pursuant to Decree No. 239, payments of Interest in respect of Notes issued by the Issuer falling within the definitions set out in "Italian Tax Treatment of the Notes – General" above and paid to non-Italian resident Noteholders with no permanent establishment in Italy to which the Notes are effectively connected will not be subject to *imposta sostitutiva* at the rate of 20 per cent. (increased to 26 per cent. starting from 1 July 2014 pursuant to the Decree No. 66), provided that:

- (a) such Noteholders are the beneficial owners of the Interest payments received under the Notes;
- (b) such Noteholders are resident, for tax purposes, in a country which recognises the Italian tax authorities' right to an adequate exchange of information as listed in Ministerial Decree 4 September 1996, as amended and supplemented and replaced by a Ministerial Decree to be enacted according to the provision set forth by article 168-*bis* of Decree No. 917; and
- (c) all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as subsequently amended, in order to benefit from the exemption from *imposta sostitutiva* are met or complied with in due time.

Decree No. 239 also provides for additional exemptions from *imposta sostitutiva* for payments of Interest in respect of the Notes made to: (i) international entities and organisations set up in accordance with international agreements which have entered into force in Italy (so called "supranational entities and organisations"); (ii) central banks or entities also authorised to manage the official reserves of a state; or (iii) "professional investors" (*e.g.*, investment funds, pensions funds, etc.) established in any of the countries included in the list provided for by the

Ministerial Decree 4 September 1996, as amended and supplemented and replaced by a the Ministerial Decree to be enacted according to the provision set forth by article 168-*bis* of Decree No. 917, even if they do not qualify as "persons" in their own country of establishment under the relevant double taxation treaties. To ensure payment of Interest in respect of the Notes without the application of the *imposta sostitutiva*, non-Italian resident investors indicated above must:

- (a) deposit the Notes in due time together with the coupons relating to such Notes directly or indirectly with an Intermediary, or a permanent establishment in Italy of a non-Italian bank or financial intermediary, or with a non-Italian resident operator participating in a centralised securities management system which is in contact via computer with the Ministry of Economy and Finance; and
- (b) file in due time with the relevant depository a declaration (*autocertificazione*) stating, *inter alia*, that the Noteholder is a resident, for tax purposes, in a country which recognises the Italian tax authorities' right to an adequate exchange of information as listed in Ministerial Decree 4 September 1996, as amended and supplemented and replaced by a Ministerial Decree to be enacted according to the provision set forth by article 168-*bis* of Decree No. 917. Such declaration (*autocertificazione*) which must comply with the requirements set forth by a Decree of the Ministry for the Economy and Finance of 12 January 2001, as amended and supplemented, is valid until withdrawn or revoked and need not be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. The declaration (*autocertificazione*) is not requested for non-Italian resident investors that are international entities and organisations established in accordance with international agreements ratified in Italy and central banks or entities which manage, *inter alia*, the official reserves of a foreign state.

Failure of a non-resident Noteholder to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments made to a non-resident Noteholder.

Should the above exemptions not be applicable, non-Italian resident Noteholders may be entitled to claim, if certain relevant conditions are met, a reduction of the *imposta sostitutiva* (generally to 10 per cent, or to the other applicable rates, if more favourable) under the double taxation treaty, if any, entered into by Italy and its country of residence, subject to timely filing of required documentation.

Notes that qualify as atypical securities

Notes that do not qualify as *obbligazioni* (bonds) or as *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44, paragraph 2, lett. c) of Decree No. 917 are characterised for Italian tax purposes as "atypical securities". Pursuant to Article 44 of Decree No. 917, securities can be qualified, for income tax purposes, as *titoli similari alle obbligazioni* (securities similar to bonds) only to the extent that they incorporate an unconditional obligation to pay at maturity or upon redemption (to the Noteholder) an amount not less than therein indicated without providing any right to the Noteholders to participate in, or to control, the activity carried on by the Issuer. Income of any kind, including interest and any sum paid to the Noteholders at

maturity in excess over the issue price and relating to Notes characterised as "atypical securities" are subject to withholding tax levied at the rate of 20 per cent., increased to 26 per cent. starting from 1 July 2014 pursuant to the Decree No. 66 (final or in advance, depending on the "status" and tax residence of the Noteholder) pursuant to Article 5 of Law Decree No. 512 of 30 September 1983, converted into law with amendments by Law No 649 of 25 November 1983. More in details, where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership, or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

Non-Italian resident Noteholders may be entitled to claim, if certain relevant conditions are met, a reduction of such 27 per cent withholding tax (generally, to 10 per cent. or to the other applicable rates, if more favourable) under the double taxation treaty, if any, entered into by Italy and its country of residence, subject to timely filing of required documentation.

Taxation of capital gains arising in the hands of Italian resident Noteholders

Pursuant to Decree No. 461, a substitute tax at the rate of 20 per cent., increased to 26 per cent. starting from 1 July 2014 pursuant to the Decree No. 66 (hereinafter also the "**Capital Gain Tax**") applies to capital gains realised by Italian resident individuals not engaged

in entrepreneurial activity to which the Notes are connected, on any sale or transfer for consideration of the Notes or redemption thereof. The taxpayer may opt for one of the following three tax regimes:

- (i) *Tax Return Regime.* Pursuant to the Tax Return Regime (*Regime della Dichiarazione*), the relevant Noteholder must report on her or his annual income tax return the overall capital gains realized in each tax year, net of any incurred capital losses, and pay the Capital Gain Tax together with the income tax due for the same tax year. Capital losses exceeding such capital gains may be carried forward and offset against similar capital gains realized in the four subsequent tax years. This regime automatically applies if the taxpayer does not opt for the regimes described in clauses (ii) and (iii) below.
- (ii) *Non-discretionary Investment Portfolio Regime.* Pursuant to the Non-discretionary Investment Portfolio Regime (*Regime del Risparmio Amministrato*), the relevant Noteholder may elect to pay the Capital Gain Tax on each capital gain realized, net of any incurred capital losses. The substitute tax is paid by the qualified intermediaries holding the Notes in deposit or in administration. A Noteholder may only opt for this regime if (x) its units are deposited with banks, SIMs or other authorized intermediaries and (y) he or she makes a written election of the *Risparmio Amministrato* regime. Where a particular sale, transfer or redemption of the Notes results in a net capital loss, the intermediary is entitled to deduct such capital loss from similar capital gains subsequently realized on the disposal of assets held by the investor in the same deposit account in the four years following the tax year in which the loss was realized. Pursuant to the Decree No. 66, capital losses may be carried forward to be offset against capital gains of the

same nature realized after 30 June 2014 for an amount of: (i) 48.08 per cent. of the relevant capital losses realized before 1 January 2012; (ii) 76.92 per cent. of the capital losses realized from 1 January 2012 to 30 June 2014. The Noteholder is not required to report the gains on his or her annual income tax return.

- (iii) *Discretionary Investment Portfolio Regime.* Pursuant to the Discretionary Investment Portfolio Regime (*Regime del Risparmio Gestito*), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains will not be subject to the Capital Gain Tax but will be included in the net annual result accrued under the portfolio management. This annual net accrued portfolio result, even if not realized, is subject to an *ad hoc* 20 per cent. substitute tax (which will be increased to 26 per cent. starting from 1 January 2014 pursuant to the Decree No. 66) levied by the asset management company. Any investment portfolio losses accrued at year end may be carried forward against net profits accrued in the four years following the tax year in which the loss was accrued. Pursuant to the 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 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 report the gains on his or her annual income tax return.

Any capital gains realised by Italian resident individuals engaged in business activity to which the Notes are connected, Italian resident corporations or similar commercial entities or permanent establishments in Italy of non-Italian resident corporations to which the Notes are connected, will be included in their business income (and, in certain cases, may also be included in the taxable net value of production for regional business activities tax - IRAP - purposes), subject to corporate income tax in Italy according to the relevant ordinary tax rules.

Special rules apply to capital gains realised by Noteholders which are Italian resident collective investment funds and SICAVs, Italian resident pension funds and Italian resident real estate investment funds or SICAF. In particular please consider the following:

- (a) where the Noteholder is an Italian open-ended or a closed-ended investment fund or a SICAV, capital gains realised on the Notes will not be subject to any substitutive Capital Gains Tax. A withholding tax of 20 per cent. (which will be increased to 26 per cent. starting from 1 January 2014 pursuant to the Decree No. 66) will be levied on proceeds distributed by investment funds or SICAVs to certain categories of unit-holders upon redemption or disposal of the units;
- (b) where the Noteholder is an Italian Pension Fund, capital gains realised on the Notes will not be subject to Capital Gains Tax, but must be included in the results of the relevant portfolio in the tax period and will be subject to a substitute tax (the tax rate for 2014 fiscal year is 11.5 per cent.);
- (c) where the Noteholder is an Italian real estate investment fund or SICAF, gains realised on the Notes will neither be subject to Capital Gains Tax, nor to any other income tax in the hands of the real estate fund or SICAF.

Taxation of capital gains arising in the hands of Non-Italian resident Noteholders

The Capital Gain Tax may in certain circumstances be due on any capital gains realised upon sale, transfer, or redemption of the Notes, or upon the occurrence of any another event assimilated to a disposal of the Notes for Italian tax purposes, by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held or deemed to be held in Italy. However, any such capital gains are not taxable (*i.e.*, they are exempt from taxation) in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad, irrespectively of the place in which they are held or deemed to be held.

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

- (a) pursuant to the provisions of Decree No. 461 and Law Decree No. 350 of 25 September 2001, non-Italian resident Noteholders that qualify for the exemption from *imposta sostitutiva* under the applicable provisions of Decree No. 239 – as described above under section "*Taxation of Income – Non-Italian resident Noteholders*" – are exempt from Capital Gains Tax in Italy, subject to timely filing of the required documentation; and
- (b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty between Italy and their country of residence providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy, subject to timely filing of required documentation, on any capital gains realised upon sale for consideration or redemption of Notes.

Inheritance and Gift Tax

Pursuant to Law Decree No. 262 of 3 October, 2006, converted into Law No. 286 of 24 November, 2006 as amended by Law No. 296 of 27 December 2006, the transfers of any valuable asset (such as the Notes as well as the Shares) as a result of death or donation are taxed as follows:

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding €1,000,000.00;
- (b) transfer 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 the gift exceeding € 100,000.00; 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 the gift.

Transfer Tax

The transfer deed may be subject to registration tax of Euro 200,00. No registration tax is due if the relevant transfer deed is executed outside the Italian territory or in the form of "exchange of correspondence". In such a case registration tax is due only in "case of use" (*caso d'uso*) or in case of cross reference in a deed, agreement or other document entered into, executed or signed by the same parties thereto and registered with the competent Registration Tax Office or in any judicial decision (*enunciazione*). "Case of use", according to article 6 of Presidential Decree No. 131 of 26 April 1986, would occur if the relevant document is deposited with a central or local government office or with a court chancery in connection with an administrative procedures.

Stamp Duty

Pursuant to Article 13(2-ter) of the Tariff Part I attached to the Presidential Decree No. 642 of 26 October 1972, as amended, a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients in respect of any financial product and instrument, which may be deposited with such financial intermediary in Italy. The stamp duty applies at the rate of 0.20 per cent. and it cannot exceed Euro 14,000 if the taxpayer is not an individual. The stamp duty is determined on the market value or, in the lack of a market value, on the nominal value or the redemption amount of the financial asset. The stamp duty will apply on the Notes deposited with an Italian based financial intermediary.

Wealth tax on financial assets deposited abroad

Pursuant to Article 19 of the Decree No. 201/2011, as amended, Italian resident individuals holding financial assets, including the Notes, outside the Italian territory are subject to a wealth tax at the rate of 20 per cent. The wealth tax on financial assets deposited abroad applies on the market value of the assets at the end of the fiscal year or, in the lack of such market value, on the nominal value or redemption value, or on the purchase value.

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 of the EU Savings Tax Directive in Italy

The Italian Government has implemented EC Council Directive 2003/48/EC (the "**EU Savings Tax Directive**") through Legislative Decree No. 84 on 18 April 2005 ("**Decree No. 84**"). Decree No. 84 applies to payments of interest made by paying agents established in Italy to beneficial owners who are individuals resident in a different EU Member State as well as in the dependent or associated territories that have adopted similar legislation (Jersey, Guernsey, Isle of Man, Netherlands, Antilles, British Virgin Islands, Turks and Caicos, Cayman Islands, Montserrat, Anguilla and Aruba). Under the Decree No. 84, the definition of paying agents includes inter alia, banks, *Società di Intermediazione Mobiliare*, *Società di Gestione del Risparmio*, fiduciary companies, financial intermediaries and any economic operator that may be involved commercially or professionally in the payment of interest.

More specifically, according to Article 5 of Decree No. 84, paying agents shall provide the Italian tax authorities with information regarding the relevant payments and 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.

Both payments of interest on the Notes or the realisation of the capitalised interest through a sale of the Notes would constitute "payments of interest" under Article 6 of the EU Savings Tax Directive and, in relation to Italy, Article 2 of the Decree No. 84. Accordingly, such payment of interest in relation to the Notes would fall within the scope of the EU Savings Tax Directive.

The EU Savings Tax Directive provides that Austria and Luxembourg shall apply a withholding tax for a transitional period, as defined therein, unless during such period they elect otherwise. The withholding tax shall be levied at the rate of 35 per cent. The EU Savings Tax Directive provides for an exemption from the withholding tax to the extent that the beneficial owner

provides the paying agent with minimum data requirements. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non EU countries to the exchange of information relating to such payments. On 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

The Noteholders should consult their tax advisers and/or the custodians with which they hold the Notes in order to carefully assess the regime to which their Notes are subject for the purposes of the EU Savings Tax Directive, depending *inter alia* on their status, the country in which they are resident for tax purposes, and the country where the relevant paying agents are established.

Implementation of the EU Savings Tax Directive in Luxembourg

The EU Savings Tax Directive was implemented in Luxembourg by the Laws of 21 June 2005, as amended.

The Proposed EU Financial Transaction Tax ("EU FTT")

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

The proposed EU FTT has very broad scope, which has not been defined yet. 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, EU 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 joint statement issued in May 2014 by 10 of 11 participating Member States indicated an intention to implement the EU FTT progressively, in order to initially apply the EU FTT to shares and certain derivatives, starting from 1 January 2016.

The EU 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 EU 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 EU 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 Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

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

provided that no such offer of Notes referred to in (a) to (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

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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, to the best of its knowledge and belief, 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; and (ii) a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the Prospectus Directive.

Authorisations

The update of the Programme was authorised by a resolution of the Board of Directors of the Issuer passed on 20 December 2013 and 21 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 is not and none of its consolidated subsidiaries 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.

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 consolidated annual financial statements of the Issuer have been audited without qualification for the years ended 2012 and 2013 by Deloitte & Touche S.p.A. of Via Tortona 25, 20144 Milan, Italy. Deloitte & Touche S.p.A. is registered under No. 46 in the special register (*albo speciale*) maintained by CONSOB and set out under Article 161 of Legislative Decree No. 58 of 24 February 1998 and under No. 132587 in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992. Deloitte & Touche S.p.A. is a member of Assirevi (the Italian auditors' association).

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.

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 and DBRS 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>.

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

The Dealer and its 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.

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 (d) and (e) 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 (*statuto*) of the Issuer;
- (g) the most recent publicly available audited annual consolidated financial statements of the Issuer, beginning with such financial statements as at and for the years ended 31 December 2013 and 2012; and
- (d) the most recently available unaudited interim consolidated financial statements of the Issuer.

REGISTERED OFFICE OF THE ISSUER

Banca Sella Holding S.p.A.
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13900 Biella
Italy

ARRANGER AND DEALER

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as to English and Italian law*

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*To the Issuer
as to Italian law*

Chiomenti Studio Legale
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Italy

AUDITORS TO THE ISSUER

Deloitte & Touche S.p.A.
Via Tortona, 25
20144 Milan
Italy

LUXEMBOURG LISTING AGENT

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2 Boulevard Konrad Adenauer
L-1115 Luxembourg