



UNIONE DI BANCHE ITALIANE S.C.P.A.

*(incorporated as a co-operative company limited by shares in the Republic of Italy
and registered at the Companies' Registry of Bergamo under registration number 03053920165)*

**Euro 10,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme
unconditionally and irrevocably guaranteed as to payments
of interest and principal by**

UBI FINANCE S.R.L.

*(incorporated as a limited liability company in the Republic of Italy and registered at the Companies'
Registry of Milan under registration number 06132280694)*

Except where specified otherwise, capitalised words and expressions in this Prospectus have the meaning given to them in the section entitled "Glossary".

Under this Euro10,000,000,000 covered bond programme (the "**Programme**"), Unione di Banche Italiane S.c.p.a. ("**UBI Banca**" or the "**Issuer**") may from time to time issue *obbligazioni bancarie garantite* (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 10,000,000,000 (or its equivalent in other currencies calculated as described herein). UBI Finance S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Covered Bond Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of a portfolio of mortgages assigned to the Guarantor by the Sellers and certain other assets held by the Guarantor, including funds generated by the portfolio and such assets. Recourse against the Guarantor under the Covered Bond Guarantee is limited to the Cover Pool.

This Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive 2003/71/EC (the "**Prospectus Directive**") by the Financial Services Authority (the "**FSA**"), which is the competent authority in the United Kingdom for the purposes of the Prospectus Directive. Application has been made for Covered Bonds to be admitted during the period of 12 months from the date of this Prospectus to listing on the official list and trading on the regulated market of the London Stock Exchange, which is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC (MiFID). The Programme also permits Covered Bonds to be issued on the basis that (i) they will 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 or (ii) they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

An investment in Covered Bonds issued under the Programme involves certain risks. See "*Risk Factors*" for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

From their issue dates, the Covered Bonds will be held in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bond issued in dematerialised form will be held on behalf of their ultimate owners by Monte Titoli S.p.A. ("**Monte Titoli**") for the account of the relevant Monte Titoli account holders. Monte Titoli will also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**"). The Covered Bonds issued in dematerialised form will at all times be evidenced by book-entries in accordance with the provisions of Article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998 and with the joint regulation of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form.

The Covered Bonds issued under the Programme may or may not be assigned any of the following credit ratings: Aaa by Moody's Investors Service Ltd. ("**Moody's**") and AAA by Fitch Ratings Ltd. ("**Fitch**") and, together with Moody's, the "**Rating Agencies**" and, each of them, a "**Rating Agency**", as set out in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union and has applied to be registered under the CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. 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 the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. 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.

Arranger for the Programme
BARCLAYS CAPITAL
Dealers

Barclays Capital
Deutsche Bank
Landesbank Baden-Württemberg
Société Générale Corporate and
Investment Banking

Crédit Agricole CIB
DZ BANK AG
Natixis

Commerzbank
ING Commercial Banking
Nomura
UBS Investment Bank
UniCredit Bank AG

The date of this Prospectus is 9 August 2011.

This Prospectus is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and for the purposes of giving information which, according to the particular nature of the Covered Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and of the Guarantor and of the rights attaching to the Covered Bonds.

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. Each of the Sellers, together with the Issuer and the Guarantor, accepts responsibility for the information contained in this Prospectus in the sections entitled "The Sellers" and "Description of the Cover Pool". To the best of the knowledge of the Sellers, Issuer and Guarantor (having taken all reasonable care to ensure that such is the case), the information contained in the sections entitled "The Sellers" and "Description of the Cover Pool" is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read and construed in conjunction with any supplements hereto, with all documents which are incorporated herein by reference (see "Documents Incorporated by Reference") and, in relation to any Tranche (as defined herein) of Covered Bonds, with the relevant Final Terms (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the UBI Banca Group or any of the Dealers or the Arranger. Neither the delivery of this Prospectus nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the UBI Banca Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the UBI Banca and the UBI Banca Group or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Covered Bonds.

*The distribution of this Prospectus and the offering or sale of the Covered Bonds in certain jurisdictions maybe restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Covered Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Covered Bonds may not be offered, sold or delivered within the United States or to US persons. There are further restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in the European Economic Area, including the United Kingdom and the Republic of Italy, and in Japan. For a description of certain restrictions on offers and sales of Covered Bonds and on distribution of this Prospectus, see "Subscription and Sale".*

None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Covered Bonds. Each potential purchaser of Covered Bonds should determine for itself the relevance of the information contained in this Prospectus and its purchase of Covered Bonds should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to advise any investor or potential investor in Covered Bonds of any information coming to the attention of any of the Dealers or the Arranger.

In this Prospectus, unless otherwise specified or unless the context otherwise requires, all references to "£" or "Sterling" are to the currency of the United Kingdom, "dollars" are to the currency of the United States of America and all references to "€", "euro" and "Euro" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.

Figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.

*In connection with any Tranche of Covered Bonds, one or more Dealers may act as a stabilising manager (the "**Stabilising Manager**"). The identity of the Stabilising Manager will be disclosed in the relevant Final Terms. References in the next paragraph to "**the issue**" of any Tranche are to each Tranche in relation to which any Stabilising Manager is appointed.*

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there can be no assurance that the Stabilising Manager(s) (or any person 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 final terms of the offer of the relevant Tranche of Covered Bonds 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 Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Market Share Information and Statistics

This Prospectus contains information and statistics on pages 97 — 98 regarding the market share of the UBI Banca Group which are derived from, or are based upon, the Issuer's analysis of data obtained from the Bank of Italy (see "*The Issuer — The UBI Banca Group*"). Such data have been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by the Bank of Italy, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Certain Definitions

UBI Banca is the surviving entity from the merger between Banche Popolari Unite S.c.p.a. ("**BPU**") and Banca Lombarda e Piemontese S.p.A. ("**Banca Lombarda**" or "**BL**"), which was completed with effect from 1 April 2007. Pursuant to the merger, Banca Lombarda e Piemontese S.p.A. merged by incorporation into Banche Popolari Unite S.c.p.a. which, upon completion of the merger, changed its name to Unione di Banche Italiane S.c.p.a. Accordingly, in this Prospectus:

- (i) references to "**UBI Banca**" are to Unione di Banche Italiane S.c.p.a. in respect of the period since 1 April 2007 and references to the "**Group**" or to the "**UBI Banca Group**" are to UBI Banca and its subsidiaries in respect of the same period;
- (ii) references to "**BPU**" are to Banche Popolari Unite S.c.p.a. in respect of the period prior to 1 April 2007 and references to the "**BPU Group**" are to BPU and its subsidiaries in respect of the same period;
- (iii) references to the "**Issuer**" are to UBI Banca in respect of the period since 1 April 2007 and to BPU in the period prior to that date; and
- (iv) references to "**Banca Lombarda**" are to Banca Lombarda e Piemontese S.p.A. and references to the "**Banca Lombarda Group**" are to Banca Lombarda and its subsidiaries in the period prior to 1 April 2007.

CONTENTS

	Page
Information Incorporated By Reference.....	5
Supplements, Final Terms And Further Prospectuses.....	7
Overview Of The Programme	8
Parties	12
Risk Factors.....	21
Terms And Conditions Of The Covered Bonds	37
Rules Of The Organisation Of The Covered Bondholders.....	64
Form Of Final Terms.....	86
Use Of Proceeds	97
The Issuer	98
Overview Of Financial Information Of The Issuer	113
The Guarantor.....	123
The Sellers.....	125
Overview Of The Transaction Documents.....	165
Credit Structure	180
Cashflows	185
Description Of The Cover Pool.....	188
The Asset Monitor.....	191
Taxation.....	201
Subscription And Sale	206
General Information	209
Glossary.....	212

INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following information, which has been previously published or filed with the FSA:

- (a) the audited consolidated and non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2010 contained in the Issuer's Reports and Accounts 2010;
- (b) the audited consolidated and non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2009 contained in the Issuer's Reports and Accounts 2009;
- (c) the unaudited consolidated and non-consolidated Interim Financial Report of the Issuer as at and for the three months ended 31 March 2011;
- (d) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2009; and
- (e) the audited non-consolidated annual financial statements of the Guarantor as at and for the year ended 31 December 2010.

Such information shall be incorporated into, and form part of, this Prospectus, save that any statement contained in information which is incorporated by reference herein shall be modified or superseded for the purpose of this 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 not, except as so modified or superseded, constitute a part of this Prospectus. Any document which is incorporated by reference into any of the documents deemed to be incorporated in, and form part of, this Prospectus, shall not constitute a part of this Prospectus.

Copies of documents containing information incorporated by reference into this Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (<http://www.ubibanca.it>). The audited consolidated financial statements referred to above, together with the audit reports thereon, are available both in the original Italian and in English. The English language versions represent a direct translation from the Italian language documents.

Cross-reference List

The following table shows, *inter alia*, the information required under Annex IX, of Commission Regulation (EC) No. 809/2004 that can be found in the above-mentioned financial statements incorporated into this Prospectus.

Reports and Accounts 2010

Audited consolidated financial statements of the Issuer

Auditors' Report	Pages	209-211
Statement of financial position	Pages	213
Income Statement	Pages	214
Statement of comprehensive income	Pages	215
Statement of changes in consolidated equity	Pages	216
Statement of Cash Flows	Pages	218

Non consolidated financial statements

Auditors' Report	Pages	505-507
Statement of financial position	Pages	510
Income Statement	Pages	511
Statement of Changes in Equity	Pages	513
Statement of Cash Flows	Pages	515
Notes to the Separate Financial Statements	Pages	517
Attachments to the Separate Financial Statements	Pages	740

Reports and Accounts 2009

Audited consolidated financial statements of the Issuer

Auditors' Report	Pages	200-201
Statement of financial position	Pages	204-205
Income Statement	Pages	206
Statement of comprehensive income	Pages	207
Statement of Changes in Shareholders' Equity	Pages	208-209
Statement of Cash Flows	Pages	210-211
Notes to the Consolidated Accounts	Pages	212-451

Non consolidated financial statements

Auditors' Report	Pages	52
Statement of financial position	Pages	56
Income Statement	Pages	57
Statement of Changes in Equity	Pages	59
Statement of Cash Flows	Pages	61
Notes to the Separate Financial Statements	Pages	63
Attachments to the Separate Financial Statements	Pages	279

Quarterly Consolidated Report

As at 31 March 2011

Consolidated financial statements

Statement of financial position	Pages	97
Income Statement	Pages	98
Statement of comprehensive income	Pages	98
Statement of Changes in Consolidated Equity	Pages	99
Statement of cash flows	Pages	101

Financial statements

Statement of financial position	Pages	135
Income Statement	Pages	136
Statement of comprehensive income	Pages	137
Statement of Changes in Equity	Pages	138
Statement of cash flows	Pages	140

Guarantor's audited non consolidated financial statements

As at 31 December 2010

Balance Sheet	Pages	8
Income Statement	Pages	9
Statement of Changes in Equity	Pages	11
Statement of Cash Flows	Pages	12-13
Auditor's report	Pages	1

Guarantor's audited non consolidated financial statements

As at 31 December 2009

Balance Sheet	Pages	8
Income Statement	Pages	9
Statement of Changes in Shareholders' Equity	Pages	11
Statement of Cash Flows	Pages	12
Auditor's report	Pages	1

SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

The Issuer and the Guarantor have 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 Covered Bonds, it shall prepare a supplement to this Prospectus or, as the case may be, publish a replacement Prospectus for use in connection with any subsequent offering of the Covered Bonds and shall supply to each Dealer any number of copies of such supplement as a Dealer may reasonably request.

In addition, the Issuer and the Guarantor may agree with the Dealer to issue Covered Bonds in a form not contemplated in the section entitled "Form of Final Terms". To the extent that the information relating to that Tranche of Covered Bonds constitutes a significant new factor in relation to the information contained in this Prospectus, a separate prospectus specific to such Tranche (a "**Drawdown Prospectus**") will be made available and will contain such information.

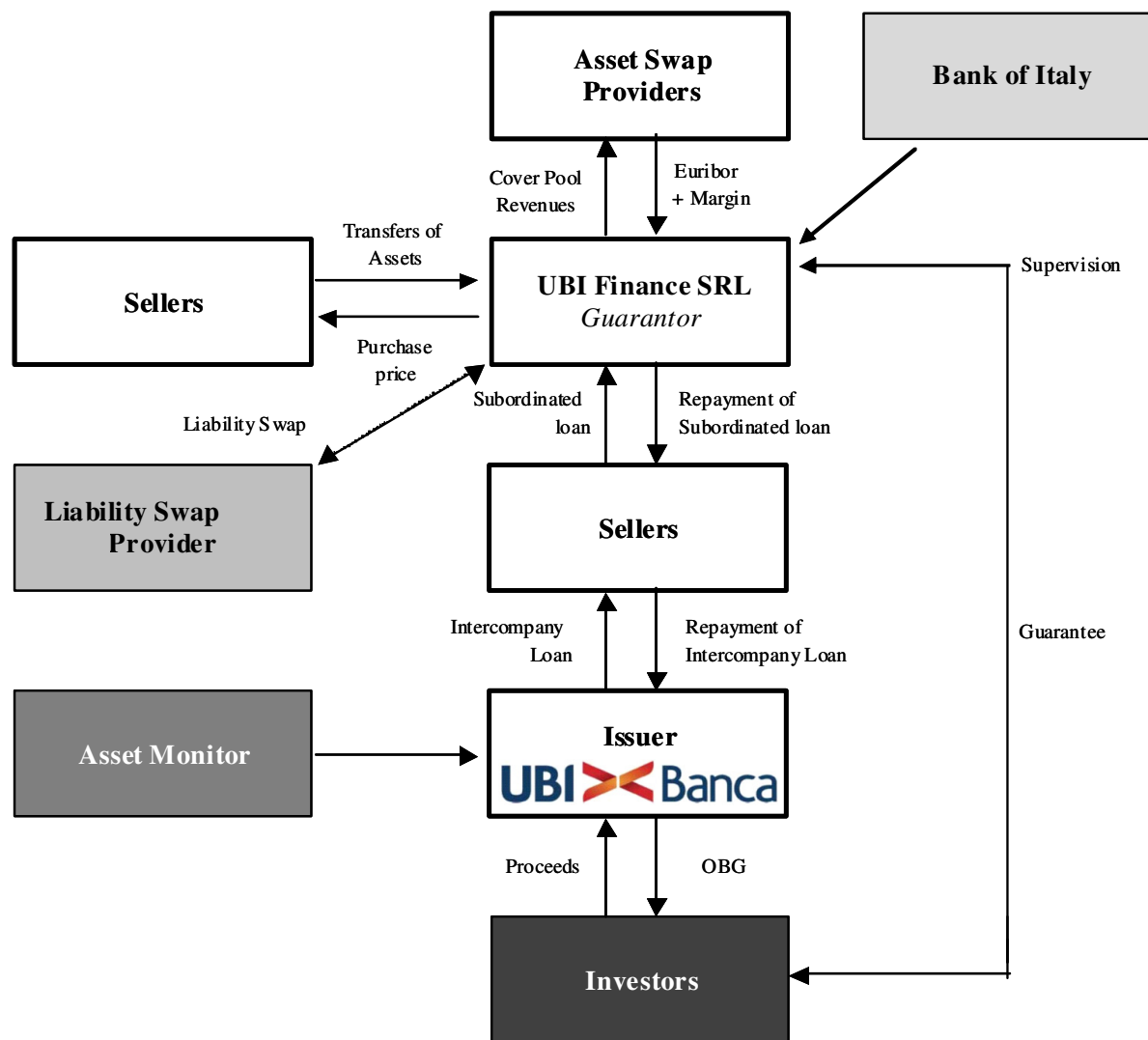
The terms and conditions applicable to any particular Tranche of Covered Bonds will be the conditions set out in the section entitled "Terms and Conditions of the Covered Bonds", as amended and/or replaced to the extent described in the relevant Final Term or Drawdown Prospectus. In the case of a Tranche of Covered Bonds which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being specified or identified in the relevant Final Terms shall be read and construed as a reference to such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

Each Drawdown Prospectus will be constituted either (1) by a single document containing the necessary information relating to the Issuer and the Guarantor and the relevant Covered Bonds or (2) by a registration document containing the necessary information relating to the Issuer and/or the Guarantor, a securities note containing the necessary information relating to the relevant Covered Bonds and, if applicable, a summary note.

OVERVIEW OF THE PROGRAMME

This section constitutes a general description of the Programme for the purposes of Article 22(5) of Commission Regulation (EC) No. 809/2004. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meaning in this overview.

Structure Diagram



Structure Overview

- *Programme:* Under the terms of the Programme, the Issuer will issue Covered Bonds (*Obbligazioni Bancarie Garantite*) to Covered Bondholders on each Issue Date. The Covered Bonds will be direct, unsubordinated, unsecured and unconditional obligations of the Issuer guaranteed by the Guarantor under the Covered Bond Guarantee.
- *Subordinated Loan Agreements:* Under the terms of the Subordinated Loan Agreements, as amended from time to time, each Seller will from time to time grant to the Guarantor a Term Loan for the purposes of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool and, subsequently, the purchase from the relevant Seller of Eligible Assets and Top-Up Assets in order to remedy a breach of the Tests or support a further issue of Covered Bonds. Amounts owed to the Sellers by the Guarantor under the Subordinated Loan Agreements will be subordinated to amounts owed by the Guarantor under the Covered Bond Guarantee. Prior to the delivery of an Issuer Default Notice, each Term Loan will be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the relevant Pre-Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, *provided that* such repayment does not result in a breach of any of the Tests or, in relation to the relevant Seller, of the Relevant Seller Portfolio Test. Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds, subject to repayment in full (or, prior to service of a Guarantor Default Notice, the accumulation of funds sufficient for the purposes of such repayment) of all Covered Bonds. The Guarantor will only be allowed to use the Term Loans granted to it under each Subordinated Loan Agreement for the purpose of purchasing Eligible Assets and/or Top-Up Assets from the relevant Sellers or the Issuer (pursuant to subordinated loans to be granted by the Issuer, upon occurrence of the circumstances set out in the Cover Pool Management Agreement) and will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the UBI Banca Group. Accordingly, an essential pre-condition for a breach of Tests to be remedied is that the Sellers that transferred the Portfolio of Eligible Assets with respect to which the shortfall causing the Tests being breached occurred (failing which, the Issuer and, failing the Issuer, the other Sellers) have or are capable of selling sufficient Eligible Assets and/or Top-Up Assets to the Guarantor as will allow the Tests to be met on the appropriate Calculation Date.
- *Covered Bond Guarantee:* Under the terms of the Covered Bond Guarantee, the Guarantor has provided a guarantee as to payments of interest and principal under the Covered Bonds, and other amounts due by the Issuer to the Other Issuer Creditors. The Guarantor has agreed to pay the Guaranteed Amounts unpaid by the Issuer on the scheduled date and in the amounts determined in accordance with the relevant Final Terms and applicable Priority of Payments. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct, unconditional and unsubordinated obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law. Pursuant to the Securitisation and Covered Bond Law, the recourse of the Covered Bondholders and the Other Issuer Creditors, as well as of the Other Creditors, to the Guarantor under the Covered Bond Guarantee will be limited to the assets of the Cover Pool and the amounts recovered from the Issuer. Payments made by the Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.
- *The proceeds of Term Loans:* The Guarantor will use the proceeds of the Term Loans received under the Subordinated Loan Agreements from time to time to purchase from the Sellers the Initial Portfolio and each New Portfolio, consisting of Eligible Assets, in accordance with the terms of the Master Loan Purchase Agreement, and any other Eligible Assets and/or Top-Up Assets which are necessary to remedy a breach of the Tests. To protect the value of the Portfolio, the Calculation Agent will be obliged to verify satisfaction of the Statutory Tests (as described below) on each Calculation Date.
- *Guarantor Available Funds:* Prior to service of an Issuer Default Notice on the Issuer and the Guarantor under the Covered Bond Guarantee the Guarantor will:
 - apply Interest Available Funds to pay interest due on the Term Loans, but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Interest Priority of Payments (including, but not limited to, the Reserve Fund Amount to be credited to the Reserve Fund Account). For further details of the Pre-Issuer Event of Default Interest Priority of Payments, see "*Cashflows*" below; and

- apply Principal Available Funds towards (subject to compliance with the Tests and, in relation to the relevant Seller, of the Relevant Seller Portfolio Test) repaying Term Loans but only after payment of certain items ranking higher in the relevant Pre-Issuer Event of Default Principal Priority of Payments. For further details of the Pre-Issuer Event of Default Principal Priority of Payments, see "*Cashflows*" below.

Following service on the Issuer and the Guarantor of an Issuer Default Notice (but prior to a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor) the Guarantor will use all monies to pay Guaranteed Amounts in respect of the Covered Bonds and payments to the Other Issuer Creditors and Other Creditors when due for payment subject to paying certain higher ranking obligations of the Guarantor in the Guarantee Priority of Payments. In such circumstances, the Sellers will only be entitled to receive payment from the Guarantor of interest and repayment of principal under the Term Loans after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds, the Other Issuer Creditor and the Other Creditors have been paid in full (or sufficient funds have been set aside for such purpose).

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Covered Bonds will become immediately due and repayable and Covered Bondholders will then have a claim against the Guarantor under the Covered Bond Guarantee for an amount equal to the Early Termination Amount in respect of each Covered Bond, together with accrued interest and any other amounts due under the Covered Bonds, and Guarantor Available Funds will be distributed according to the Post-Enforcement Priority of Payments, as to which see "*Cashflows*" below.

- *Statutory Tests:* The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:
 - (1) the Nominal Value Test;
 - (2) the Net Present Value Test; and
 - (3) the Interest Coverage Test.
- *Amortisation Test:* The Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date.
- *Extendable obligations under the Covered Bond Guarantee:* An Extended Maturity Date or Extended Instalment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that if the Issuer fails to pay either a Final Redemption Amount or Covered Bond Instalment Amount, the relevant redemption payment dates shall be extended as follows:
- *Extended Maturity Date:* If the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the relevant Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Guarantor on or before the Extension Determination Date (for example because following the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor has or will have insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred and shall become due and payable one year later, on the Extended Maturity Date (subject to any applicable grace period). However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor

on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the Interest Payment Date on which the Final Redemption Amount is paid in full.

- *Extended Instalment Date:* The following provisions are relevant to Series of Covered Bonds which are specified in their Final Terms to be redeemable in instalments. If the Issuer fails to pay a Covered Bond Instalment Amount of the relevant Series of Covered Bonds on the applicable Covered Bond Instalment Date specified in the Final Terms (subject to applicable grace periods) and if the Guaranteed Amounts equal to such Covered Bond Instalment Amount of the relevant Series of Covered Bonds are not paid in full by the Guarantor on or before the Covered Bond Instalment Extension Determination Date (for example because following the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor has or will have insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to such Covered Bond Instalment Amount), then payment of each of (a) such unpaid Covered Bond Instalment Amount and (b) each subsequently due and payable Covered Bond Instalment Amount shall be automatically deferred until the Interest Payment Date falling one year after the date on which it was previously due (subject to any applicable grace period). However, any amount representing a Covered Bond Instalment Amount due and remaining unpaid on the applicable Covered Bond Instalment Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Instalment Date. Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the applicable Extended Instalment Date or, if earlier, the Interest Payment Date on which the Covered Bond Instalment Amount is paid in full. Each Covered Bond Instalment Amount may be deferred when due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.
- *Servicing:* Pursuant to the Master Servicing Agreement entered into between Unione di Banche Italiane S.c.p.A. as Master Servicer, each Seller in its capacity as Sub-Servicer and Service Provider, and the Guarantor: (i) the Guarantor has appointed the Master Servicer to carry out the administration, management and collection activities and to act as "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to article 2, sub-paragraph 3, of the Securitisation and Covered Bond Law in relation to the Cover Pool; (ii) the Master Servicer has delegated to each Seller, in its capacity as Sub-Servicer, responsibility for carrying-out on behalf of the Guarantor the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor; and (iii) the Guarantor has appointed each Seller to act as Service Provider in order to carry out certain monitoring and reporting activities with respect to the Receivables transferred by the relevant Seller to the Guarantor.
- *Asset Monitoring:* Pursuant to an engagement letter entered into on 30 July 2008, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (ii) the compliance with the limits on the transfer of the Eligible Assets set out under Decree No. 310; and (iii) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitoring Agreement entered into between the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Issuer Default Notice, with the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.
- *Further Information:* For a more detailed description of the transactions summarised above relating to the Covered Bonds, see, amongst other relevant sections of this Prospectus, Summary of the Programme, Terms and Conditions of the Covered Bonds, Overview of the Transaction Documents, Credit Structure, Cashflows and The Portfolio, below.

PARTIES

Issuer	<p>Unione di Banche Italiane S.c.p.A., a co-operative company limited by shares incorporated under the laws of Italy.</p> <p>For a more detailed description of the Issuer, see "<i>The Issuer</i>".</p>
Guarantor	<p>UBI Finance S.r.l., a limited liability company incorporated under the laws of Italy.</p> <p>For a more detailed description of the Guarantor, see "<i>The Guarantor</i>".</p>
Sellers	<p>Banca Regionale Europea S.p.A. Banco di Brescia S.p.A. Banca Popolare di Bergamo S.p.A. Banca Popolare Commercio e Industria S.p.A. Banca Carime S.p.A. Banca di Valle Camonica S.p.A. Banca di San Giorgio S.p.A. B@nca 24-7 S.p.A. Banca Popolare di Ancona S.p.A. UBI Banca Private Investment S.p.A.</p> <p>For a more detailed description of the Sellers, see "<i>The Sellers</i>".</p>
Arranger	Barclays Bank PLC (acting through its investment banking division, Barclays Capital)
Dealer(s)	<p>Barclays Bank PLC Crédit Agricole Corporate and Investment Bank Commerzbank Aktiengesellschaft Deutsche Bank Aktiengesellschaft DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main ING Bank N.V. Landesbank Baden-Württemberg Natixis Nomura International plc Société Générale UBS Limited UniCredit Bank AG</p> <p>and any other dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific Series of Covered Bonds issued or on an ongoing basis.</p>
Calculation Agent	Pursuant to the terms of the Cash Allocation Management and Payments Agreement, Unione di Banche Italiane S.c.p.A. will act as Calculation Agent.
Principal Paying Agent	Pursuant to the terms of the Cash Allocation Management and Payments Agreement, The Bank of New York Mellon (Luxembourg) S.A., Italian Branch will act as Principal Paying Agent.
Master Servicer	Pursuant to the terms of the Master Servicing Agreement, Unione di Banche Italiane S.c.p.A. will act as Master Servicer.
Sub-Servicers and Service Providers	The Sellers will act as individual Sub-Servicers and Service Providers under the Master Servicing Agreement.
Representative of the Covered	BNY Corporate Trustee Services Limited, as Representative of the Covered Bondholders. The Representative of the Covered Bondholders will act as

Bondholders	such pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions and the Deed of Charge.
Asset Monitor	A reputable firm of independent accountants and auditors will be appointed as Asset Monitor pursuant to a mandate granted by the Issuer and the Asset Monitor Agreement. The initial Asset Monitor will be Mazars S.p.A.
Asset Swap Providers	Each Seller as counterparty of the Guarantor under an Asset Swap Agreement.
Liability Swap Providers	Each counterparty of the Guarantor under a Liability Swap Agreement.
Italian Account Bank	Unione di Banche Italiane S.c.p.A. will act as Italian Account Bank pursuant to the Cash Allocation Management and Payments Agreement, subject to it being an Eligible Institution.
Luxembourg Account Bank	UBI Banca International S.A. will act as Luxembourg Account Bank pursuant to the Cash Allocation Management and Payments Agreement, subject to it being an Eligible Institution.
Guarantor Corporate Servicer	TMF Management Italia S.r.l., a company incorporated under the laws of Italy, has been appointed as Guarantor Corporate Servicer pursuant to the Corporate Services Agreement.
THE PROGRAMME	
Programme description	A covered bond issuance programme under which Covered Bonds (<i>Obbligazioni Bancarie Garantite</i>) will be issued by the Issuer to the Covered Bondholders.
Programme size	The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 10,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Agreement and subject to having obtained confirmation from the Rating Agencies that such increase would not negatively affect the then current ratings of the then outstanding Covered Bonds.
THE COVERED BONDS	
Form of Covered Bonds	The Covered Bonds will be issued in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in dematerialised form are held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli account holders. Monte Titoli will act as depository for Euroclear and Clearstream. The Covered Bonds issued in dematerialised form will at all times be in book entry form and title to the Covered Bonds will be evidenced by book entries. No physical document of title will be issued in respect of the covered bonds issued in dematerialised form.
Denomination of Covered Bonds	The Covered Bonds 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 Covered Bond 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 Euro 100,000 (or where the relevant Tranche is denominated in a currency other than Euro, the equivalent amount in such other currency).

Status of the Covered Bonds	<p>The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a winding-up, liquidation, dissolution or bankruptcy of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor in accordance with the Securitisation and Covered Bond Law.</p>
Specified Currency	<p>Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms) and <i>provided that</i> confirmation has been obtained from the Rating Agencies that such currency or currencies would not negatively affect the then current ratings of the then outstanding Covered Bonds.</p>
Maturities	<p>The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency, provided that, however, the Covered Bonds issued by the Issuer will have a maturity of no less than 18 months.</p>
Redemption	<p>The applicable Final Terms relating to each Series of Covered Bonds will indicate either that the Covered Bonds of such Series of Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following an Issuer Event of Default or Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders on a date or dates specified prior to the specified Maturity Date and at a price and on other terms as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as indicated in the Final Terms.</p>
Extended Maturity Date	<p>The applicable Final Terms relating to each Series of Covered Bonds issued may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount on the Maturity Date for such Series of Covered Bonds and if the Guarantor does not pay the final redemption amount in respect of the relevant Series of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the Extended Maturity Date. If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date falling one calendar year after the relevant Maturity Date.</p> <p>For further details, see Condition 9(b) (<i>Extension of maturity</i>).</p>
Extended Instalment Date	<p>If a Series of Covered Bonds is to be redeemed in instalments, the applicable Final Terms may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay a Covered Bond Instalment Amount</p>

and all subsequently payable Covered Bond Instalment Amounts may be deferred by one year until their relevant Extended Instalment Dates. The deferral will occur automatically if the Issuer fails to pay a Covered Bond Instalment Amount on its Covered Bond Instalment Date and if the Guarantor does not pay such Covered Bond Instalment Amount (for example, because the Guarantor has insufficient funds) by the Covered Bond Instalment Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the relevant Extended Instalment Date, which shall be the date falling one calendar year after the relevant Covered Bond Instalment Date.

Each Covered Bond Instalment Amount may be deferred when falling due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.

For further details, see Condition 9(k) (*Extension of principal instalments*).

Issue Price

Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid or partly-paid basis.

Interest

Covered Bonds may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, credit-linked or equity-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s).

Fixed Rate Covered Bonds

Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).

Floating Rate Covered Bonds

Floating Rate Covered Bonds will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

in each case, as set out in the applicable Final Terms.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.

Index-Linked and Other Variable-Linked Interest

Payments of interest in respect of Index-Linked and Other Variable-Linked Interest Covered Bonds (including Covered Bonds bearing credit or equity-linked interest) will be calculated by reference to such index and/or

Covered Bonds	formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.
Dual Currency Interest Covered Bonds	Payments of interest, whether at maturity or otherwise, in respect of Dual Currency Interest Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree as set out in the applicable Final Terms.
Zero Coupon Covered Bonds	Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.
Partly-Paid Covered Bonds	Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms.
Taxation	<p>All payments in relation to Covered Bonds will be made without tax deduction except where required by law. If any tax deduction is made, the Issuer shall be required to pay additional amounts in respect of the amounts so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree 239.</p> <p>Under the Covered Bond Guarantee, the Guarantor will not be liable to pay any such additional amounts.</p> <p>For further detail, see Condition 11 (<i>Taxation</i>).</p>
Issuer cross default	<p>Each Series of Covered Bonds will cross-accelerate as against each other but will not otherwise contain a cross default provision. Accordingly, neither an event of default in respect of any other indebtedness of the Issuer (including other debt securities of the Issuer) nor acceleration of such indebtedness will of itself give rise to an Issuer Event of Default. In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, <i>provided however that</i>, where a Guarantor Event of Default occurs and the Representative of the Covered Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series of outstanding Covered Bonds issued under the Programme.</p> <p>For further detail, see Condition 12 (a) (<i>Issuer Events of Default</i>).</p>
Rating Agency confirmation	The issue of any Series of Covered Bond (including, for the avoidance of doubt, Index-Linked Interest Covered Bonds, Credit-Linked Interest Covered Bonds, Equity-Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds, Partly-Paid Covered Bonds and Zero Coupon Covered Bonds) in each case as specified in the applicable Final Terms shall be subject to confirmation by the Rating Agencies that the then current ratings for any outstanding Covered Bonds will not be adversely affected by the issuance of such Covered Bonds.
Listing and admission to trading	Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list and to trading on the Regulated Market of the London Stock Exchange.
Rating	Each Series of Covered Bonds is expected to be assigned the following ratings on the relevant Issue Date unless otherwise stated in the applicable Final Terms:

Fitch Ratings Ltd.

Moody's Investors Service Ltd.

AAA

Aaa

Whether or not a rating in relation to any Series of Covered Bonds will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the relevant Final Terms. The credit ratings included or referred to in this Prospectus have been issued by Fitch Ratings Ltd. or Moody's Investors Service Ltd. each of which is established in the European Union and each of which has applied to be registered under the CRA Regulation although notification of the corresponding registration decision has not yet been provided by the relevant competent authority. 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 the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Governing Law

The Covered Bonds and the related Programme documents will be governed by Italian law or by any other law as set out in the relevant Final Terms. The Programme documents will be governed by Italian law, except for the Swap Agreements and certain of the security related thereto, which will be governed by English law and the Luxembourg Deed of Pledge, which will be governed by Luxembourg law.

THE GUARANTOR AND THE COVERED BOND GUARANTEE**Covered Bond Guarantee**

Payments of Guaranteed Amounts in respect of the Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payments in respect of such Guaranteed Amounts when due for payment are subject to the conditions that an Issuer Event of Default has occurred, and an Issuer Default Notice has been served on the Issuer and on the Guarantor or, if earlier, a Guarantor Event of Default has occurred and a Guarantor Default Notice has been served on the Guarantor.

The obligations of the Guarantor will accelerate once the Guarantor Default Notice mentioned above has been delivered to the Guarantor. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct, unconditional and unsubordinated obligations of the Guarantor collateralised by the Cover Pool and recourse against the Guarantor is limited to such assets.

For further detail, see "*Overview of the Transaction Documents – Covered Bond Guarantee*".

Suspension of Payments

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer (the "**Article 74 Event**"), the Guarantor, in accordance with Decree 310, shall be responsible for the payments of the Guaranteed Amounts due and payable within the entire period in which the suspension continues (the "**Suspension Period**").

Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be

temporary; and

- (ii) in accordance with Decree 310, the Guarantor shall be responsible for payment of the amounts due and payable under the Covered Bonds during the Suspension Period at their relevant due dates, *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders of a notice to the Issuer, the Guarantor and the Asset Monitor (the "**Article 74 Event Cure Notice**"), informing such parties that the Article 74 Event has been cured.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Cover Pool

The Covered Bond Guarantee will be collateralised by the Cover Pool constituted by (i) the Portfolio comprised of Mortgage Loans and related collateral assigned to the Guarantor by the Sellers in accordance with the terms of the relevant Master Loans Purchase Agreements and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor with respect to the Covered Bonds and the proceeds thereof which will, *inter alia*, comprise the funds generated by the Portfolio, the other Eligible Assets and the Top-Up Assets including, without limitation, funds generated by the sale of assets from the Cover Pool and funds paid in the context of a liquidation of the Issuer.

For further detail, see "*Description of the Cover Pool*".

Limited recourse

The obligations owed by the Guarantor to the Covered Bondholders and, in general, to each of the Sellers, the Other Issuer Creditors and the Other Creditors are limited recourse obligations of the Guarantor, which will be paid in accordance with the applicable Priority of Payments. The Covered Bondholders, the Sellers, the Other Issuer Creditors and the Other Creditors will have a claim against the Guarantor only to the extent of the Guarantor Available Funds, including any amounts realised with respect to the Cover Pool, in each case subject to and as provided in the Covered Bond Guarantee and the other Transaction Documents.

Term Loans

The Sellers participating in the initial issue of Covered Bonds under the Programme are Banca Regionale Europea S.p.A. and Banco di Brescia S.p.A., which have granted to the Guarantor a Term Loan for the purpose of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool. Subsequently, each Seller will grant further Term Loans to the Guarantor for the purposes of funding the purchase from the relevant Seller of Eligible Assets and Top-Up Assets in order to remedy a breach of the Tests or to support the issue of Covered Bonds. The Guarantor will pay interest in respect of each Term Loan but will have no liability to gross up for withholding. Payments from the Guarantor to the Sellers under the Term Loans will be limited recourse and subordinated and paid in accordance with the Priorities of Payments to the extent the Guarantor has sufficient Guarantor Available Funds.

For further detail, see "*Overview of the Transaction Documents – Subordinated Loan Agreement*".

Excess Receivables and support for further issues

To support the issue of further Series of Covered Bonds, (i) Excess Receivables may be retained in the Portfolio or (ii) Eligible Assets may be acquired from one or more Sellers with the proceeds of new or amended Subordinated Loan Agreements made available by such Sellers in order to ensure that the Cover Pool both before and after the issue of the new Series

	of Covered Bonds complies with the Tests.
Segregation of Guarantor's rights and collateral	<p>The Covered Bonds benefit from the provisions of Article 7-<i>bis</i> of the Securitisation and Covered Bond Law, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.</p> <p>In accordance with Article 7-<i>bis</i> of the Securitisation and Covered Bond Law, prior to and following a winding-up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Covered Bond Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Covered Bondholders, to the Swap Providers under the Swap Agreements entered into in the context of the Programme, the Other Issuer Creditors and to the Other Creditors in satisfaction of the transaction costs.</p> <p>The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Covered Bond Guarantee or cancellation thereof.</p>
Cross-collateralisation	All Eligible Assets and Top-Up Assets transferred from the Sellers to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof form the collateral supporting the Covered Bond Guarantee in respect of all Series of Covered Bonds.
Claim under Covered Bonds	The Representative of the Covered Bondholders, for and on behalf of the Covered Bondholders, may submit a claim to the Guarantor and make a demand under the Covered Bond Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.
Guarantor cross-default	<p>Where a Guarantor Event of Default occurs, the Representative of the Covered Bondholders will serve upon the Guarantor a Guarantor Default Notice, thereby accelerating the Covered Bond Guarantee in respect of each Series of outstanding Covered Bonds issued under the Programme. However, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default.</p> <p>For further detail, see Condition 12 (c) (<i>Guarantor Events of Default</i>).</p>
Disposal of assets included in the Cover Pool	<p>After the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor will be obliged to sell Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to pre-emption and other rights of the Sellers in respect of the Eligible Assets pursuant to the relevant Master Loans Purchase Agreement. The proceeds from any such sale will be applied as set out in the applicable Priority of Payments.</p> <p>For further detail, see Condition 12(c) (<i>Guarantor Events of Default</i>).</p>
SALE AND DISTRIBUTION	
Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions to be set forth in the Programme Agreement.
Certain restrictions	Each Series of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area (including the United Kingdom and the Republic

of Italy) and Japan. Other restrictions may apply in connection with the offering and sale of a particular Series of Covered Bonds.

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Covered Bonds and includes disclosure of all material risks in respect of the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. This section of the Prospectus is split into two main sections – General Investment Considerations and Investment Considerations relating to the Issuer and the Guarantor. Any of the risks described below, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment.

General Investment Considerations

Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice or, if earlier, following the occurrence of a Guarantor Event of Default and service by the Representative of the Covered Bondholders of a Guarantor Default Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee.

Obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Representative of the Covered Bondholders or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the Guarantor. The Issuer and the Guarantor will be liable solely in their corporate capacity for their obligations in respect of the Covered Bonds and such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

Extraordinary Resolutions and the Representative of the Covered Bondholders

A meeting of Covered Bondholders may be called to consider matters which affect the rights and interests of Covered Bondholders. These include (but are not limited to): instructing the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee against the Issuer and/or the Guarantor; waiving an Issuer Event of Default or a Guarantor Event of Default; cancelling, reducing or otherwise varying interest payments or repayment of principal or rescheduling payment dates; altering the priority of payments of interest and principal on the Covered Bonds; and any other amendments to the Transactions Documents. A Programme Resolution will bind all Covered Bondholders, irrespective of whether they attended the Meeting or voted in favour of the Programme Resolution. No Resolution, other than a Programme Resolution, passed by the holders of one Series of Covered Bonds will be effective in respect of another Series unless it is sanctioned by an Ordinary Resolution or an Extraordinary Resolution, as the case may require, of the holders of that other Series. Any Resolution passed at a Meeting of the holders of the Covered Bonds of a Series shall bind all other holders of that Series, irrespective of whether they attended the Meeting and whether they voted in favour of the relevant Resolution.

In addition, the Representative of the Covered Bondholders may agree to the modification of the Transaction Documents without consulting Covered Bondholders to correct a manifest error or where such modification (i) is of a formal, minor, administrative or technical nature or an error established as such to the satisfaction of the Representative of the Covered Bondholders or (ii) in the opinion of the Representative of the Covered Bondholders, is not or will not be materially prejudicial to Covered Bondholders. It should also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Covered Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Covered Bondholders on its

behalf). The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Covered Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Covered Bondholders. The Conditions limit the ability of each individual Covered Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Covered Bondholders the power to determine in accordance with the Rules of Organisation of the Covered Bondholders, whether any Covered Bondholder may commence any such individual actions.

Extendable obligations under the Covered Bond Guarantee

Upon failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their relevant Maturity Date (subject to applicable grace periods) and if payment of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of the Covered Bonds is not made in full by the Guarantor on or before the Extension Determination Date, then payment of such Guaranteed Amounts shall be automatically deferred. This will occur if the Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an extended maturity date (the "**Extended Maturity Date**") to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on or before the Extension Determination Date.

To the extent that the Guarantor has received an Issuer Default Notice in sufficient time and has sufficient moneys available to pay in part the Guaranteed Amounts corresponding to the relevant Final Redemption Amount in respect of the relevant Series of Covered Bonds, the Guarantor shall make partial payment of the relevant Final Redemption Amount in accordance with the Guarantee Priority of Payments and as described in Conditions 9(b) (*Extension of maturity*) and 12(b) (*Effect of an Issuer Default Notice*). Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Maturity Date. The Extended Maturity Date will fall one year after the Maturity Date. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 9(b) (*Extension of maturity*) and the Guarantor will pay Guaranteed Amounts, constituting interest due on each Interest Payment Date and on the Extended Maturity Date. In these circumstances, Failure by the Issuer to pay the Covered Bond Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Covered Bond Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

Similarly, in respect of Covered Bonds that may be redeemed in instalments, if Extended Instalment Date is specified in the Final Terms and both (a) the Issuer on the Covered Bond Instalment Date and (b) the Guarantor on the relevant Covered Bond Instalment Extension Determination Date fail to pay a Covered Bond Instalment Amount, the requirement to pay such Covered Bond Instalment Amount and all subsequently due and payable Covered Bond Instalment Amounts shall be deferred by one year until their Extended Instalment Dates.

Each Covered Bond Instalment Amount may be deferred when due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.

Limited secondary market

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield.

Ratings of the Covered Bonds

The ratings that may or may not be assigned to the Covered Bonds address the expectation of timely payment of interest and principal on the Covered Bonds on or before any payment date falling one year after the Maturity Date.

According to Fitch, the ratings that may or may not be assigned to the Covered Bonds may address:

- the likelihood of full and timely payment to Covered Bondholders of all payments of interest on each Interest Payment Date; and
- the likelihood of ultimate payment of principal in relation to Covered Bonds on (a) the final Maturity Date thereof (b) if the Covered Bonds are subject to an Extended Maturity Date in respect of the Covered Bonds in accordance with the applicable Final Terms, the Extended Maturity Date thereof or (c) if principal of the Covered Bonds is payable in instalments and Extended Instalment Date is specified in the applicable Final Terms, the Extended Instalment Dates thereof.

For Moody's, the ratings that may or may not be assigned to the Covered Bonds address the expected loss that Covered Bondholders may suffer.

The ratings that may or may not be assigned to the Covered Bonds are set out in the relevant Final Terms Document for each Series of Covered Bonds. A Rating Agency which assigns a rating to the Covered Bonds may lower its rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

European regulated investors are generally restricted under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings referred to in this Prospectus and/or the Final Terms, is set out in relevant section of this Prospectus and will be disclosed in the Final Terms.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident 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 paying agent in a Member State to, or collected by such a paying agent for, an individual resident in one of those territories.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to 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) it can legally invest in Covered Bonds (ii) Covered Bonds can be used as collateral for various types of borrowing and "repurchase" arrangements and (iii) other restrictions apply to its purchase or

pledge of any Covered Bonds. Financial institutions should consult their legal advisers or appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

Changes of law

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on Italian law (and, in the case of the Swap Agreements, English law and, in the case of the Luxembourg Deed of Pledge, Luxembourg Law) in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Italian or English or Luxembourg law or administrative practice or to the law applicable to any Transaction Document and to administrative practices in the relevant jurisdiction. Except to the extent that any such changes represent a significant new factor or result in this Prospectus containing a material mistake or inaccuracy, in each case which is capable of affecting the assessment of the Covered Bonds, the Issuer and the Guarantor will be under no obligation to update this Prospectus to reflect such changes.

Securitisation and Covered Bond Law

The Securitisation and Covered Bond Law was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. As at the date of this Prospectus, no interpretation of the application of the Securitisation and Covered Bond Law as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 130 of 14 December 2006 ("**Decree 310**"), setting out the technical requirements for the guarantee which may be given in respect of covered bonds and (ii) the instructions of the Bank of Italy dated 17 May 2007 (as amended and supplemented on 24 March 2010) (the "**Bank of Italy Regulations**") concerning guidelines on the valuation of assets, the procedure for purchasing top-up assets and controls required to ensure compliance with the legislation. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation and Covered Bond Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

The Covered Bonds may not be a suitable investment for all investors

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained in or incorporated by reference into this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds 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;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Covered Bonds 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 and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The return on an investment in Covered Bonds will be affected by charges incurred by investors

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

Risks related to the structure of a particular issue of Covered Bonds

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

Covered Bonds subject to optional redemption by the Issuer

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds 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 Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. 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 Covered Bonds 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.

Index-Linked Covered Bonds and Dual Currency Covered Bonds

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

- (a) the market price of such Covered Bonds may be volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency from that expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Covered Bonds

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Covered Bonds with a multiplier or other leverage factor

Covered Bonds 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 Covered Bonds

Fixed/Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds 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 in such circumstances, the spread on the Fixed/Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Covered Bonds 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.

Prospectus to be read together with applicable Final Terms

The terms and conditions of the Covered Bonds included in this Prospectus apply to the different types of Covered Bonds which may be issued under the Programme. The full terms and conditions applicable to each Series or Tranche of Covered Bonds can be reviewed by reading the Conditions of the Covered Bonds as set out in full in this Prospectus, which constitute the basis of all Covered Bonds to be offered under the Programme, together with the applicable Final Terms which apply and/or disapply, supplement and/or amend the Conditions of the Covered Bonds in the manner required to reflect the particular terms and conditions applicable to the relevant Series of Covered Bonds (or Tranche).

Investment Considerations relating to the Issuer

Changes in regulatory framework and accounting policies

The UBI Banca Group is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian securities markets regulator), the European Central Bank and the European System of Central Banks. The banking laws to which the UBI Banca Group is subject govern the activities in which banks and banking foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the UBI Banca Group must comply with financial services laws that govern its marketing and selling practices. One particularly significant change in regulatory requirements affecting the UBI Banca Group is the future implementation of the New Basel Capital Accord (Basel II) on capital requirements for financial institutions.

Any changes in how such regulations are applied or implemented for financial institutions may have a material effect on the Issuer's business and operations. As some of the laws and regulations affecting the UBI Banca Group have only recently come into force, the manner in which they are applied to the operations of financial institutions is still evolving and their implementation, enforcement and/or interpretation may have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.

Impact of events which are difficult to anticipate

The UBI Banca Group's earnings and business are affected by general economic conditions, the performance of financial markets and of market participants, 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 UBI Banca Group's products and services, the credit quality of Debtors and counterparties, the

interest rate margin between lending and borrowing costs and the value of its investment and trading portfolios and can influence the Group's balance sheet and economic results.

Changes in interest rates

Fluctuations in interest rates in Italy influence the UBI Banca Group's financial performance. The results of the UBI Banca 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 UBI Banca Group's financial condition or results of operations. In addition, in recent years, the Italian banking sector has been characterised by increasing competition which, together with the low level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins.

Market declines and volatility

The results of the UBI Banca 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 UBI Banca 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 UBI Banca Group's debtors and counterparties can affect the overall credit quality and the recoverability of loans and amounts due from counterparties.

Credit and market risk

To the extent that any of the instruments and strategies used by the UBI Banca Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the UBI Banca Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The UBI Banca Group's trading revenues and interest rate risk are dependent upon its ability to identify properly, and mark to market, changes in the value of financial instruments caused by changes in market prices or interest rates. The UBI Banca 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.

Protracted market declines and reduced liquidity in the markets

In some of the UBI Banca 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 UBI Banca 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 assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the UBI Banca 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 UBI Banca Group's operating results and financial condition.

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

Risk management and exposure to unidentified or unanticipated risks

The UBI Banca 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 UBI Banca 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 UBI Banca Group fails to identify or anticipate. If existing or potential customers believe that the UBI Banca Group's risk management policies and procedures are inadequate, its reputation as well as its revenues and profits may be negatively affected.

Operational risk

The UBI Banca 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 UBI Banca Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately monitored. Any failure or weakness in these systems, could however adversely affect its financial performance and business activities. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the UBI Banca Group will be unable to comply with its obligations as a company with securities admitted to the Official List of the Financial Services Authority.

Reliance on primary geographic markets

Although the UBI Banca Group has a widespread geographic distribution in Italy consisting of 1,894 branches (as at 31 March 2011), over 65 per cent of its branches are located in northern Italy. The Issuer has strong territorial roots in certain regions where it has historically operated (particularly Lombardy, Piedmont, Marches and Apulia). The UBI Banca Group relies for its distribution system on local banks with long-standing, deep-rooted traditions in their respective territories.

Legal proceedings

The UBI Banca Group is involved in various legal proceedings. Management believes that such proceedings have been properly analysed by the Issuer and its subsidiaries in order to decide whether any increase in provisions for litigation is necessary or appropriate in all the circumstances and, with respect to some specific issues, whether to refer to them in the notes to its financial statements in accordance with IFRS.

Catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer

Catastrophic events, terrorist attacks and similar events, as well as the responses thereto, may create economic and political uncertainties, which could have a negative impact on economic conditions in the regions in which the Issuer operates and, more specifically, on the business and results of the Issuer in ways that cannot be predicted.

Adverse regulatory developments including changes in tax laws

The Issuer conducts its businesses subject to ongoing regulatory and associated risks, including the effects of changes in laws, regulations, and policies in Italy. The timing and the form of future changes in regulation are unpredictable and beyond the control of the Issuer, and changes made could materially adversely affect the Issuer's business.

The Issuer is required to hold a licence for its operations and is subject to regulation and supervision by authorities in Italy and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. Regulators and supervisory authorities seem to be taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems, people and compliance which may place additional burdens or restrictions on the Issuer. For example, the Bank of Italy has adopted risk-based capital guidelines pursuant to the EU capital adequacy directives. Italy's current capital ratio requirements are in line with 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 "**Basel Committee**"). The capital adequacy guidelines set out Tier I and Tier II capital requirements relating to a bank's assets and certain off-balance sheet items weighted according to risks ("**Risk-Weighted Assets**"). Under the Bank of Italy's guidelines, risk-weighted capital ratios are required to be calculated for the Bank on a standalone basis and for the Bank and its consolidated subsidiaries as a group. In addition, certain of the Group's banking subsidiaries are subject to the capital adequacy guidelines on a stand-alone basis.

EU Directive 2009/111/EC ("**CRD II**"), due to be implemented by 31 December 2010, changes the criteria for assessing hybrid capital eligible to be included in Tier I Capital and has been transposed into Italian law in December 2010.

EU 2010/76/EU Capital Requirements Directive III ("**CRD III**") (the final text of which has been published in December 2010, with implementation of the relevant rules to occur by 31 December 2011) introduced a number of changes in response to the recent and current market conditions, which will:

- (i) strengthen the capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
- (ii) limit investments in securitisations held in the trading book and re-securitisations by imposing higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products;
- (iii) require banks to disclose more information on their exposure to securitisation risks, such as exposures in the trading book and sponsorship of off-balance sheet vehicles.

In February 2010, the European Commission issued a public consultation document on further possible changes to the Capital Requirements Directive IV ("CRD IV"), which is closely aligned with the Basel Committee proposals described below. The CRD IV legislative proposal is expected to be published in early 2011.

The Group of Governors and Heads of Supervision, the oversight body of the Basel Committee on Banking Supervision (the "BCBS"), met on 26 July 2010 to review the BCBS's capital and liquidity reform package. The Group of Governors and Heads of Supervision reached broad agreement on the overall design of the capital and liquidity reform package. In particular, this includes the definition of capital, the treatment of counterparty credit risk, the leverage ratio and the global liquidity standard.

In September 2010, the BCBS reached an agreement (referred to as Basel III) regarding the global minimum capital standards to be implemented by member countries from January 2013, subject to certain trading arrangements. The agreement will strengthen the global capital framework by, among other things:

- (i) raising the quality of the core Tier I capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base);
- (ii) strengthening the risk coverage of the capital framework;
- (iii) promoting the build up of capital buffers; and
- (iv) introducing a global minimum liquidity standard for the banking sector.

In addition, in December 2010, the BCBS issued the Basel III rules text, which presents the details of global regulatory standards on bank capital adequacy and liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G20 Leaders at their November Seoul summit.

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

Such changes in the regulatory framework and in how such regulations are applied may have a material effect on the Issuer's business and operations. As the new framework of banking laws and regulations affecting the Issuer is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer.

A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition

The current long and short-term counterparty credit ratings of the Issuer are, respectively, "A" from Fitch and "A-1" from Moody's and "F1" from Fitch and "P-1" from Moody's. A downgrade of any of the Issuer's ratings (for whatever reason) 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 ratings may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse affect on the Issuer's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse affect on the Issuer's financial condition and/or results of operations.

Investment Considerations relating to the Guarantor

Guarantor only obliged to pay Guaranteed Amounts when they are due for payment

Following service of an Issuer Default Notice on the Issuer and the Guarantor, under the terms of the Covered Bond Guarantee the Guarantor will only be obliged to pay Guaranteed Amounts as and when the same are due for payment on each Interest Payment Date, *provided that*, in the case of any amounts representing the Final Redemption Amount due and remaining unpaid as at the original Maturity Date, the Guarantor may pay such amounts on any Interest Payment Date thereafter, up to (and including) the Extended Maturity Date and in the case of Covered Bonds whose principal is payable in instalments, the Guarantor may defer such instalments for a period of one year until the relevant Extended Instalment Date. Such Guaranteed Amounts will be paid subject to and in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. In these circumstances the Guarantor will not be obliged to pay any other amounts in respect of the Covered Bonds which become payable for any other reason.

Subject to any grace period, if the Guarantor fails to make a payment when due for payment under the Covered Bond Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Covered Bondholders will accelerate the obligations of the Guarantor under the Covered Bond Guarantee by service of a Guarantor Default Notice, whereupon the Representative of the Covered Bondholders will have a claim under the Covered Bond Guarantee for an amount equal to the Early Termination Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds. Following service of a Guarantor Default Notice, the amounts due from the Guarantor shall be applied by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, and Covered Bondholders will receive amounts from the Guarantor on an accelerated basis. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

Limited resources available to the Guarantor

Following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and on the Guarantor, the Guarantor will be under an obligation to pay the Covered Bondholders pursuant to the Covered Bond Guarantee. The Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the amount of interest and principal generated by the Portfolio and the timing thereof and (b) amounts received from the Swap Providers. The Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Guarantor Event of Default occurs and the Covered Bond Guarantee is enforced, the proceeds of enforcement may not be sufficient to meet the claims of all the secured creditors, including the Covered Bondholders. If, following enforcement and realisation of the assets in the Cover Pool, creditors have not received the full amount due to them pursuant to the terms of the Transaction Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Reliance of the Guarantor on third parties

The Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Guarantor. In particular, but without limitation, the Master Servicer and, in relation to the Mortgage Loans comprising each relevant Portfolio, the Sub-Servicers have been appointed to service Portfolios sold to the Guarantor and the Calculation Agent has been appointed to calculate and monitor compliance with the Statutory Tests and the Amortisation Test. In the event that any of these parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Cover Pool or any part thereof or pending such realisation (if the Cover Pool or any part thereof cannot be sold) the ability of the Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Master Servicer or any Sub-Servicer has failed to administer the Mortgage Loans adequately, this may lead to higher incidences of non-payment or default by Debtors. The Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Covered Bond Guarantee, as described in the following two investment considerations.

If a Master Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Covered Bondholders will be entitled to terminate the appointment of the Master Servicer and, automatically, of any Sub-Servicer and appoint a new master servicer in its place. There can be no assurance that a substitute master servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms

of the Master Servicing Agreement. The ability of a substitute master servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute master servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Covered Bond Guarantee.

Neither the Master Servicer nor any Sub-Servicer has any obligation to advance payments if the Debtors fail to make any payments in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Master Servicer or any other Sub-Servicer under the Master Servicing Agreement.

The Representative of the Covered Bondholders is not obliged in any circumstances to act as the Master Servicer or any Sub-Servicer or to monitor the performance by the Master Servicer or any Sub-Servicer of their obligations.

Reliance on Swap Providers

To provide a hedge against possible variations in the performance of the Portfolio and one-month EURIBOR, the Guarantor will enter into the Asset Swap Agreements with the Asset Swap Providers. In addition, to provide a hedge against interest rate, currency and/or other risks in respect of each Series of Covered Bonds issued under the Programme, the Guarantor is expected to enter into one or more Liability Swap Agreements with one or more Liability Swap Providers in respect of each Series.

If the Guarantor fails to make timely payments of amounts due under any Swap Agreement, then it will (unless otherwise stated in the relevant Swap Agreement) have defaulted under that Swap Agreement. A Swap Provider is (unless otherwise stated in the relevant Swap Agreement) only obliged to make payments to the Guarantor as long as the Guarantor complies with its payment obligations under the relevant Swap Agreement.

In circumstances where non-payment by the Guarantor under a Swap Agreement does not result in a default under that Swap Agreement, the Swap Provider may be obliged to make payments to the Guarantor pursuant to the Swap Agreement as if payment had been made by the Guarantor. Any amounts not paid by the Guarantor to a Swap Provider may in such circumstances incur additional amounts of interest by the Guarantor. Following the service of an Issuer Default Notice, payments by the Guarantor under the Liability Swap Agreements and Asset Swap Agreements will rank *pari passu* and *pro rata* to amounts due on the Covered Bonds under the Covered Bond Guarantee.

If the Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Guarantor on the payment date under the Swap Agreements, the Guarantor may be exposed to changes in the relevant currency exchange rates to Euro and to any changes in the relevant rates of interest. In addition, subject to the then current ratings of the Covered Bonds not being adversely affected, the Guarantor may hedge only part of the possible risk and, in such circumstances, may have insufficient funds to make payments under the Covered Bonds or the Covered Bond Guarantee.

If a Swap Agreement terminates, then the Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the Guarantor will be able to enter into a replacement swap agreement with an adequately rated counterparty, or if one is entered into, that the credit rating of such replacement swap provider will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies. In addition the Swap Agreements may provide that notwithstanding the downgrading of a Swap Provider and the failure by such Swap Provider to take the remedial action set out in the relevant Swap Agreement, the Guarantor may not terminate the Swap Agreement until a replacement swap provider has been found.

If the Guarantor is obliged to pay a termination payment under any Swap Agreement, such termination payment will, following the service of an Issuer Default Notice, rank *pari passu* and *pro rata* with amounts due to Covered Bondholders under the Covered Bond Guarantee. Accordingly, the obligation to pay a termination payment may adversely affect the ability of the Guarantor to meet their respective obligations under the Covered Bonds or the Covered Bond Guarantee.

Differences in timings of obligations under the Liability Swaps

With respect to any Liability Swap Agreements, it is expected that the Guarantor will pay on a monthly basis, on each Guarantor Payment Date following the service of an Issuer Default Notice, to each Liability Swap Provider by reference to a floating rate option such as, for Series of Covered Bonds denominated in Euro, a floating rate linked to EURIBOR. Each Liability Swap Provider is expected to make corresponding swap payments to the Guarantor on the Interest Payment Date of the relevant Series of Covered Bonds, which could be monthly, quarterly, semi-annual or annual.

Due to the mis-match in timing of payments under the Liability Swap Agreements, on many Guarantor Payment Dates, the Guarantor will be required to make a payment to the Liability Swap Provider without receiving a payment in return and therefore there can be no netting of payments except on the date when the Liability Swap Provider is required to make a payment to the Guarantor.

No gross up on withholding tax

In respect of payments made by the Guarantor under the Covered Bond Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

Limited description of the Cover Pool

Covered Bondholders will not receive detailed statistics or information in relation to the Mortgage Loans in the Cover Pool, because it is expected that the constitution of the Cover Pool will frequently change due to, for instance:

- the Sellers selling further Mortgage Loans (or types of loans, which are of a type that have not previously been comprised in the relevant Portfolio transferred to the Guarantor); and
- the Sellers repurchasing Mortgage Loans in accordance with the Master Loans Purchase Agreement.

However, each Mortgage Loan will be required to meet the Eligibility Criteria (see "*Description of the Cover Pool — Eligibility Criteria*") and will be subject to the representations and warranties set out in the Warranty and Indemnity Agreement – see "*Overview of the Transaction Documents – Warranty and Indemnity Agreement*". In addition, the Nominal Value Test is intended to ensure that the aggregate Outstanding Principal Balance of the Cover Pool is at least equal to the Outstanding Principal Amount of the Covered Bonds for so long as Covered Bonds remain outstanding and the Calculation Agent will provide monthly reports that will set out certain information in relation to the Statutory Tests.

Sale of Eligible Assets following the occurrence of an Issuer Event of Default

If an Issuer Default Notice is served on the Issuer and the Guarantor, then the Guarantor will be obliged to sell Eligible Assets (selected on a random basis) in order to make payments to the Guarantor's creditors including making payments under the Covered Bond Guarantee, see "*Overview of the Transaction Documents*" – "*Cover Pool Management Agreement*".

There is no guarantee that a buyer will be found to acquire Eligible Assets at the times required and there can be no guarantee or assurance as to the price which can be obtained for such Eligible Assets, which may affect payments under the Covered Bond Guarantee. However, the Eligible Assets may not be sold by the Guarantor for less than an amount equal to the Required Outstanding Principal Balance Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Maturity Date under the Covered Bond Guarantee in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Maturity Date, the Guarantor is obliged to sell the Selected Loans for the best price reasonably available notwithstanding that such price may be less than the Required Outstanding Principal Balance Amount.

Realisation of assets following the occurrence of a Guarantor Event of Default

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Covered Bondholders will be entitled to enforce the Covered Bond Guarantee and to apply the proceeds deriving from the realisation of the Cover Pool towards payment of all secured obligations in

accordance with the Post-Enforcement Priority of Payments, as described in the section entitled "*Cashflows*" below.

There is no guarantee that the proceeds of realisation of the Cover Pool will be in an amount sufficient to repay all amounts due to creditors (including the Covered Bondholders) under the Covered Bonds and the Transaction Documents. If a Guarantor Default Notice is served on the Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

Factors that may affect the realisable value of the Cover Pool or the ability of the Guarantor to make payments under the Covered Bond Guarantee

Following the occurrence of an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor, the realisable value of Eligible Assets comprised in the Cover Pool may be reduced (which may affect the ability of the Guarantor to make payments under the Covered Bond Guarantee) by:

- default by Debtors of amounts due on their Mortgage Loans;
- changes to the lending criteria of the Sellers;
- set-off risks in relation to some types of Mortgage Loans in the Cover Pool;
- limited recourse to the Sellers;
- possible regulatory changes by the Bank of Italy, CONSOB or other regulatory authorities; and
- regulations in Italy that could lead to some terms of the Mortgage Loans being unenforceable.

Each of these factors is considered in more detail below. However, it should be noted that the Statutory Tests, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Mortgage Loans in the Cover Pool and moneys standing to the credit of the Accounts to enable the Guarantor to repay the Covered Bonds following an Issuer Event of Default, service of an Issuer Default Notice on the Issuer and on the Guarantor and accordingly it is expected (although there is no assurance) that Eligible Assets and Top-Up Assets could be realised for sufficient prices to enable the Guarantor to meet its obligations under the Covered Bond Guarantee.

Default by Debtors in paying amounts due on their Mortgage Loans

Debtors may default on their obligations due under the Mortgage Loans for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Debtors' individual, personal or financial circumstances may affect the ability of Debtors to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in default by and bankruptcies of Debtors, and could ultimately have an adverse impact on the ability of Debtors to repay the Mortgage Loans. In addition, the ability of a borrower to sell a property given as security for Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

Changes to the lending criteria of the Sellers

Each of the Mortgage Loans originated by the Sellers will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the Sellers, but originated by a person other than a Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the relevant Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Sellers will warrant that (a) such Mortgage Loans as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time

of origination. The Sellers retain the right to revise their lending criteria from time to time subject to the terms of the Master Loans Purchase Agreement. An Originator may additionally revise its lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Debtors and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Covered Bond Guarantee. However, it should be noted that Defaulted Loans in the Cover Pool will be given a reduced weighting for the purposes of the calculation of the Statutory Tests and the Amortisation Test.

Legal risks relating to the Mortgage Loans

The ability of the Guarantor to recover payments of interest and principal from the Mortgage Loans is subject to a number of legal risks. There include the risks set out below.

Set-off risks

The assignment of receivables under the Securitisation and Covered Bond Law is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee. In this respect, it should be noted that the Issuer has undertaken, upon occurrence of an Issuer Downgrading Event, to notify on a quarterly basis the Rating Agencies of the Potential Set-Off Amount. As long as the Issuer Downgrading Event is continuing, the Asset Percentage shall be reduced by an amount equal to such Potential Set-Off Amount.

Usury Law

Italian Law number 108 of 7 March 1996, as amended by law decree number 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 27 June 2011). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. The amount payable by the Debtors pursuant to the Mortgage Loans may be subject to reduction, if deemed to be usurious.

Compound interest

Pursuant to article 1283 of the Italian Civil Code, in respect of a monetary claim or receivable, accrued interest may be capitalised after a period of not less than six months or from the date when any legal proceedings are commenced in respect of that monetary claim or receivable. Article 1283 of the Italian Civil Code allows derogation from this provision in the event that there are recognised customary practices to the contrary. Banks and other financial institutions in the Republic of Italy have traditionally capitalised accrued interest on a quarterly basis on the grounds that such practice could be characterised as a customary practice. However, a number of recent judgements from Italian courts (including judgements from the Italian Supreme Court (*Corte di Cassazione*)) have held that such practices may not be defined as customary practices. Consequently if Debtors were to challenge this practice, it is possible that such interpretation of the Italian Civil Code would be upheld before other courts in the Republic of Italy and that the returns generated from the relevant Mortgage Loans may be prejudiced.

Consumer Credit Legislation

On 23 April 2008, the European Parliament and the Council approved Directive 2008/48/EC on the harmonisation of the laws, regulations and administrative provisions of the Member States concerning credit for consumers and surety agreements entered into by consumers (the "**Consumer Credit Directive**").

On 4 September 2010 the Republic of Italy adopted the Legislative Decree No. 141 of 13 August 2010 published in the Official Gazette No. 207, which was introduced in order to implement the Consumer Credit Directive and on 9 February 2011 the Bank of Italy issued the relevant implementing regulations.

The new legislation covers consumer loans between €200 and €75,000 which are not required to be repaid within a month. It only covers credit contracts, not guarantors and other aspects of credit agreement law. The legislation applies only to loan contracts on which interest is paid, and not products such as deferred payment cards (charge cards) and does not cover the granting of credit secured on land or made to finance the acquisition or retention of property rights.

The legislation provides for the right of withdrawal for the consumers. This right can be exercised within 14 days after the conclusion of the contract or, if later, from the moment the consumer receives all the conditions and contract information; the right to repay early at any time in whole or in part the amount financed, without the application of penalties, a reduction of the total credit amount interest and costs due to residual life of the contract and the ability to suspend the payment of instalments in the event that there is a failure of the supplier of goods and / or services and the financing was granted with that purpose. In this case the consumer has the right to terminate the loan agreement and the contract for supply of goods and / or services.

It is not certain what effect the adoption and implementation of the directive would have on the Issuer (or any Seller) and its respective businesses and operations.

Mortgage borrower protection

Certain recent legislation enacted in Italy, as specified in paragraph "*Certain Aspects of Italian Law relevant to Mortgage Loans*" below, has given new rights and certain benefits to mortgage debtors and/or reinforced existing rights, including:

- the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, in respect of mortgage loan agreements entered into before 2 February 2007, at a reduced penalty rate;
- the right to request subrogation by an assignee bank into the rights of their creditors (*surrogazione per volontà del debitore*), by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. If the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor;
- the right of first home-owners (*mutui prima casa*) to suspend instalment payments under mortgage loans on a maximum of two occasions and for a maximum aggregate period of 18 months.
- the right to benefit from the provision according to which the amount of the instalments payable during 2009 by a mortgage debtor and granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of date of execution of the relevant mortgage loan agreement;
- any potential difference between the amount of the instalments calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of the date of execution of the relevant mortgage loan agreement will be borne by the Italian State; and
- certain rights to renegotiate floating rate mortgage loans, including the right to renegotiate the floating rate or the final maturity of the mortgage loans for the purpose of purchasing, constructing or maintaining the debtors' principal residence as provided under Italian law decree number 70 of 13 May 2011.

The relevant legislation may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required in order to maintain the then current ratings of the Covered Bonds. However, as this legislation is relatively new, as at the date of this Prospectus, the Issuer is not in a position to predict its impact. For further information, see "*Description of Certain Relevant Legislation in Italy – Certain Aspects of Italian Law relevant to Mortgage Loans*".

TERMS AND CONDITIONS OF THE COVERED BONDS

*The following is the text of the terms and conditions of the Covered Bonds (the "**Conditions**" and, each of them, a "**Condition**"). In these Conditions, references to the "**holder**" of Covered Bonds and to the "**Covered Bondholders**" are to the ultimate owners of the Covered Bonds, dematerialised and evidenced by book entries with Monte Titoli in accordance with the provisions of (i) Article 83-bis of Italian Legislative Decree No. 58 of 24 February 1998 and (ii) the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as subsequently amended and supplemented from time to time.*

The Covered Bondholders are deemed to have notice of and are bound by, and shall have the benefit of, inter alia, the terms of the Rules of the Organisation of Covered Bondholders attached to, and forming part of, these Conditions. In addition, the applicable Final Terms in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purpose of such Tranche.

1. Introduction

(a) Programme

Unione di Banche Italiane S.c.p.A. (the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to Euro 10,000,000,000 in aggregate principal amount of covered bonds (the "**Covered Bonds**") guaranteed by UBI Finance S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Article 7-bis of Law No. 130 of 30 April 1999 (as amended, the "**Securitisation and Covered Bond Law**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 14 December 2006 ("**Decree No. 310**") and the regulations of the Bank of Italy of 17 May 2007 (the "**Bank of Italy Regulations**").

(b) Final Terms

Covered Bonds are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Covered Bonds. Each Tranche is the subject of final terms (the "**Final Terms**") which supplement these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Covered Bonds are these Conditions as supplemented, amended and/or replaced 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) Covered Bond Guarantee

Each Series of Covered Bonds is the subject of a guarantee dated 30 July 2008 (the "**Covered Bond Guarantee**") entered into by the Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme and to the Other Issuer Creditors. The Covered Bond Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Guarantor pursuant to the relevant Master Loans Purchase Agreement (as defined below) and in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

(d) Programme Agreement and Subscription Agreement

In respect of each Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay the Issuer the issue price specified in the Final Terms for the Covered Bonds on the Issue Date under the terms of a programme agreement dated 30 July 2008 (the "**Programme Agreement**") between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into between the Issuer, the Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Programme Agreement, the Dealers have appointed BNY Corporate Trustee Services Limited as representative of the Covered Bondholders (in such capacity, the "**Representative of the Covered Bondholders**"), as described in Condition 14 (*Representative of the Covered Bondholders*) and pursuant to the Intercreditor Agreement (as defined below), the Programme Agreement and the relevant Final Terms of each Series of Covered Bonds.

(e) ***Monte Titoli Mandate Agreement***

In a mandate agreement with Monte Titoli S.p.A. ("**Monte Titoli**") (the "**Monte Titoli Mandate Agreement**"), Monte Titoli has agreed to provide the Issuer with certain depository and administration services in relation to the Covered Bonds.

(f) ***Master Definitions Agreement***

In a master definitions agreement dated 30 July 2008 (the "**Master Definitions Agreement**") between certain of the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

(g) ***The Covered Bonds***

Except where stated otherwise, all subsequent references in these Conditions to "Covered Bonds" are to the Covered Bonds which are the subject of the relevant Final Terms, but all references to "each Series of Covered Bonds" are to (i) the Covered Bonds which are the subject of the relevant Final Terms and (ii) each other Tranche of Covered Bonds issued under the Programme which remains outstanding from time to time.

(h) ***Rules of the Organisation of the Covered Bondholders***

The Rules of the Organisation of the Covered Bondholders are attached to, and form an integral part of, these Conditions. References in these Conditions to the "Rules of the Organisation of the Covered Bondholders" include such rules as from time to time modified in accordance with the provisions contained therein and any agreement or other document expressed to be supplemental thereto.

(i) ***Summaries***

Certain provisions of these Conditions are summaries of the Transaction Documents and are subject to their detailed provisions. Covered Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Transaction Documents and the Rules of the Organisation of the Covered Bondholders applicable to them. Copies of the Transaction Documents are available for inspection by the Covered Bondholders during normal business hours at the registered office of the Representative of the Covered Bondholders from time to time and, where applicable, at the Specified Offices of the Principal Paying Agent (as defined below).

2. **Definitions and Interpretation**

(a) ***Definitions***

Unless defined under Condition 1 (*Introduction*) above, 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;

"**Amortisation Test**" means the tests which will be carried out pursuant to the terms of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate Outstanding Principal Amount of each Series of Covered Bonds as calculated on the relevant date;

"**Amortisation Test Aggregate Loan Amount**" has the meaning given in clause 3.2 of the Cover Pool Management Agreement;

"**Asset Monitor**" means Mazars S.p.A., acting as such pursuant to the engagement letter entered into with the Issuer on or about 30 July 2008 and the Asset Monitoring Agreement;

"Asset Monitoring Agreement" means the asset monitoring agreement entered into on or about 30 July 2008 between, *inter alios*, the Asset Monitor and the Issuer;

"Asset Swap Agreement" means each asset swap agreement entered into between the Guarantor and each Seller as asset swap provider;

"Asset Swap Deed of Guarantee" means the asset swap deed of guarantee entered into on 30 July 2008 between the UBI Finance S.r.l. as asset swap beneficiary and Unione di Banche Italiane S.c.p.a. as asset swap guarantor;

"Business Day" means:

- (i) in relation to any sum payable in Euro, a TARGET 2 Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

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

"Calculation Agent" means Unione di Banche Italiane S.c.p.A., acting as such pursuant to the Cash Allocation Management and Payments Agreement;

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

"Calculation Date" means the third day of each month (or, if such day is not a Business Day, then the immediately preceding Business Day);

"Calculation Period" means each monthly period starting on a Calculation Date (excluded) and ending on the following Calculation Date (included);

"Cash Allocation Management and Payments Agreement" means the cash allocation management and payments agreement entered into on or about 30 July 2008 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent, the Luxembourg Account Bank and the Italian Account Bank;

"Clearstream" means Clearstream Banking, société anonyme, Luxembourg;

"CONSOB" means *Commissione Nazionale per le Società e la Borsa*;

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

"Corporate Services Agreement" means the corporate services agreement dated 30 July 2008 between the Guarantor Corporate Servicer and the Guarantor;

"Cover Pool Management Agreement" means the cover pool management agreement dated 30 July 2008 between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders, the Calculation Agent and the Asset Monitor;

"Covered Bond Calculation Agent" means the Principal Paying Agent or such other Person as may be specified in the relevant Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Final Terms;

"Covered Bondholders" means the holders from time to time of Covered Bonds, title to which is evidenced in the manner described in Condition 3 (*Form, Denomination and Title*);

"Covered Bond Instalment Amount" means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms;

"Covered Bond Instalment Date" means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms;

"Covered Bond Instalment Extension Determination Date" means, with respect to any Covered Bond Instalment Date, the date falling seven Business Days after such Covered Bond Instalment Date;

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

(i) if **"Actual/Actual (ICMA)"** is so specified, means:

(A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and

(B) where the Calculation Period is longer than one Regular Period, the sum of:

(1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (a) the actual number of days in such Regular Period and (b) the number of Regular Periods in any year; and

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

- (ii) if "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iii) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iv) if "**Actual/360**" is so specified, means the actual number of days in the Calculation Period divided by 360;
- (v) if "**30/360**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;
- "D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- "D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

- "Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- "D₂" is the calendar day, expressed as a number, immediately following the last

day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30; and

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

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

where:

" Y_1 "	is the year, expressed as a number, in which the first day of the Calculation Period falls;
" Y_2 "	is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
" M_1 "	is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
" M_2 "	is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
" D_1 "	is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and
" D_2 "	is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30,

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

"**Decree 239**" means Italian Legislative Decree number 239 of 1 April 1996, as amended and supplemented from time to time;

"**Deed of Charge**" means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) on or about the Issue Date of the first Series of Covered Bonds in respect of which a Liability Swap Agreement is entered into by the Guarantor with a non-Italian entity;

"**Deed of Pledge**" means the Italian law deed of pledge entered into on 30 July 2008 between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors);

"**Deeds of Pledge**" means, collectively, the Deed of Pledge, the Issuer Deed of Pledge and the Luxembourg Deed of Pledge;

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

"**Euroclear**" means Euroclear Bank S.A./N.V.;

"Extended Instalment Date" means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms;

"Extended Maturity Date" means, in relation to any Series of Covered Bonds, the date if any specified as such in the relevant Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred pursuant to Condition 9(b) (*Extension of maturity*).

"Extension Determination Date" means, with respect to any Series of Covered Bonds, the date falling seven Business Days after (and including) the Maturity Date of such Series of Covered Bonds;

"Extraordinary Resolution" has the meaning given in the Rules of the Organisation of the Covered Bondholders attached to these Conditions;

"Final Redemption Amount" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms;

"First Interest Payment Date" means the date specified in the relevant Final Terms;

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

"Guaranteed Amounts" means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 11(a) (*Gross-up by the Issuer*)) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents;

"Guarantor Corporate Servicer" means TMF Management Italia S.p.A. as corporate servicer of the Guarantor;

"Guarantor Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor upon the occurrence of a Guarantor Event of Default;

"Guarantor Event of Default" has the meaning given to it in Condition 12(c) (*Guarantor Events of Default*);

"Guarantor Payment Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 18th day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement;

"Insolvency Event" means, in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the

Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (iii) such company, entity or corporation takes any action for a re-adjustment 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 (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business;

"Intercreditor Agreement" means the agreement entered into on or about 30 July 2008 between, *inter alios*, the Guarantor and the Other Creditors;

"Interest Amount" means, in relation to any Series of Covered Bonds and an Interest Period, the amount of interest payable in respect of that Series for that Interest Period;

"Interest Commencement Date" means the Issue Date of the Covered Bonds 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 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 Covered Bonds 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;

"Issuer Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default;

"Issuer Deed of Pledge" means an Italian law-governed deed of pledge to be entered into between the Issuer and the Guarantor on or about the Issue Date of the first Tranche of Covered Bonds issued under the Programme;

"Issuer Event of Default" has the meaning given to it in Condition 12(a) (*Issuer Events of Default*);

"Italian Account Bank" means Unione di Banche Italiane S.c.p.A., in its capacity as Italian account bank pursuant to the Cash Allocation Management and Payments Agreement;

"Liability Swap Agreements" means the swap agreements entered on or about each Issue Date between the Guarantor and a liability swap provider;

"Liability Swap Provider" means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement;

"Loans" means any Mortgage Loan (as defined in the Master Definitions Agreement) which is sold and assigned by each Seller to the Guarantor from time to time under the terms of the relevant Master Loans Purchase Agreement;

"Luxembourg Account Bank" means UBI Banca International S.A., acting in its capacity as Luxembourg account bank pursuant to the Cash Allocation, Management and Payments Agreement;

"Luxembourg Account Bank Deed of Guarantee" means the deed of guarantee in respect of the Luxembourg Account Bank entered into on or about 30 July 2008 between Unione di Banche Italiane S.c.p.a. as guarantor and UBI Finance S.r.l. as beneficiary;

"Luxembourg Deed of Pledge" means the Luxembourg law deed of pledge over bank account entered into on 30 July 2008 between the Luxembourg Account Bank, the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors);

"Mandate Agreement" means the mandate agreement entered into on or about 30 July 2008 between the Representative of the Covered Bondholders and the Guarantor;

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

"Master Loans Purchase Agreement" means each master loans purchase agreement entered into between the Guarantor and the relevant Seller;

"Master Servicer" means Unione di Banche Italiane S.c.p.A. in its capacity as such pursuant to the Master Servicing Agreement;

"Master Servicing Agreement" means the agreement entered into on 30 June 2008 between the Guarantor, the Issuer, the Master Servicer, the Sub-Servicers and the Service Providers;

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

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

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

"Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of their customers with Monte Titoli (as *intermediari*) in accordance with Article 83-quater of Italian Legislative Decree No. 58 of 24 February 1998 and includes any depository banks appointed by the Relevant Clearing System;

"Official Gazette" means *La Gazzetta Ufficiale della Repubblica Italiana*;

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

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

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

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

"Organisation of the Covered Bondholders" means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders;

"Other Creditors" means the Sellers, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor and the Swap Providers;

"Outstanding Principal Amount" means, on any date in respect of any Series of Covered Bonds or, where applicable, in respect of all Series of Covered Bonds:

- (i) the principal amount of such Series or, where applicable, all such Series upon issue; *minus*
- (ii) the aggregate amount of all principal which has been repaid prior to such date in respect of such Series or, where applicable, all such Series and, solely for the purposes of Title II (*Meetings of the Covered Bondholders*) of the Rules of the Organisation of Covered Bondholders, the principal amount of any Covered Bonds in such Series of (where applicable) all such Series held by, or by any Person for the benefit of, the Issuer or the Guarantor;

"Payment Business Day" means a day on which banks in the relevant Place of Payment are open for payment of amounts due in respect of debt securities and for dealings in foreign currencies and any day which is:

- (i) if the currency of payment is Euro, 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, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

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

"Place of Payment" means, in respect of any Covered Bondholders, the place at which such Covered Bondholder receives payment of interest or principal on the Covered Bonds;

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

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

"Principal Paying Agent" means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, acting in its capacity as Principal Paying Agent pursuant to the Cash Allocation, Management and Payments Agreement;

"Priority of Payments" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments, each as set out and defined in the Intercreditor Agreement;

"Programme Resolution" has the meaning given in the Rules of the Organisation of Covered Bondholders attached to these Conditions;

"Put Option Notice" means a notice in the form attached to the Cash Allocation Management and Payments Agreement which must be delivered to the Principal Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

"Put Option Receipt" means a receipt issued by the Principal Paying Agent to a depositing Covered Bondholder upon deposit of Covered Bonds with the Principal Paying Agent by any Covered Bondholder wanting to exercise a right to redeem Covered Bonds at the option of the Covered Bondholder;

"Quotaholders' Agreement" means the agreement entered into on or about 30 July 2008 between Unione di Banche Italiane S.c.p.A., Stichting Mara as quotaholders of the Guarantor, the Representative of the Covered Bondholders and the Guarantor;

"Rate of Interest" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Series of Covered Bonds specified in the relevant Final Terms or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Final Terms;

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

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

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

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

"Regular Period" means:

- (i) in the case of Covered Bonds 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 Covered Bonds 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 Covered Bonds 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;

"Relevant Clearing System" means Euroclear and/or Clearstream, Luxembourg and/or any other clearing system (other than Monte Titoli) specified in the relevant Final Terms as a clearing system through which payments under the Covered Bonds may be made;

"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 Principal Paying 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 Covered Bondholders;

"Relevant Dealer(s)" means, in relation to a Tranche, the Dealer(s) which is/are party to any agreement (whether oral or in writing) entered into with the Issuer and the Guarantor for the issue by the Issuer and the subscription by such Dealer(s) of such Tranche pursuant to the Programme Agreement;

"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, Reuters) specified as the Relevant Screen Page in the relevant Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

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

"Security" means the security created pursuant to the Deeds of Pledge and the Deed of Charge;

"Seller" means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement;

"Service Provider" means each Seller, in its capacity as service provider pursuant to the Master Servicing Agreement;

"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" means, in relation to the Principal Paying Agent, Via Carducci 31, 20123 Milan, Italy or such other office in the same city or town as it may specify by notice to the Issuer and the other parties to the Cash Management Payments and Allocation Agreement in the manner provided therein;

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

"Statutory Tests" means such tests provided for under article 3 of Decree 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under clause 2 of the Cover Pool Management Agreement;

"Subordinated Lender" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement and **"Subordinated Lenders"** means, collectively, all of them;

"Subordinated Loan Agreement" means each subordinated loan agreement entered into between a Subordinated Lender and the Guarantor;

"Sub-Servicer" means each Seller, in its capacity as sub-servicer pursuant to the Master Servicing Agreement;

"Subsidiary" has the meaning given to it in Article 2359 of the Italian Civil Code;

"Swap Agreements" means, collectively, each Asset Swap Agreement, Liability Swap Agreement and any other swap agreement that may be entered into in connection with the Programme;

"Swap Providers" means, collectively, the Asset Swap Providers, the Liability Swap Providers and the providers of any other swap agreements entered into in connection with the Programme;

"TARGET 2 Settlement Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System is open;

"Test Grace Period" means the period starting on the date on which the breach of any Test is notified by the Calculation Agent and ending on the immediately following Calculation Date;

"Tests" means the Statutory Tests and the Amortisation Test;

"Transaction Documents" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitoring Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements, each Asset Swap Deed of Guarantee, the Mandate Agreement, the Quotaholders' Agreement, these Conditions, each Final Terms, the Deed of Charge, the Deeds of Pledge, the Luxembourg Account Bank Deed of Guarantee, the Master Definitions Agreement and any other agreement entered into from time to time in connection with the Programme;

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into between a Seller and the Guarantor; and

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

(b) **Interpretation**

In these Conditions:

- (i) 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 Series of Cover Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) 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;
- (iii) 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 Cover Bonds;
- (iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a party to a Transaction Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and
- (vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. **Form, Denomination and Title**

The Covered Bonds are in the Specified Denomination(s), which may include a minimum denomination and higher integral multiples of a smaller amount, in each case as specified in the relevant Final Terms. The Covered Bonds will at all times be evidenced by, and title thereto will be transferable by means of, book entries in accordance with the provisions of Article 83-*bis* of Italian Legislative Decree No. 58 of 24 February 1998 and the joint regulation of CONSOB and the Bank of Italy dated 22 February 2008 and published in the Official Gazette No. 54 of 4 March 2008, as amended and supplemented from time to time. The Covered Bonds will be held by Monte Titoli on behalf of the Covered Bondholders until redemption or cancellation thereof for the account of the relevant Monte Titoli Account Holder. No physical documents of title will be issued in respect of the Covered Bonds. The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders.

4. **Status and Guarantee**

(a) ***Status of the Covered Bonds***

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor on their behalf.

(b) ***Status of the Covered Bond Guarantee***

The payment of Guaranteed Amounts in respect of each Series of Covered Bonds when due for payment will be unconditionally and irrevocably guaranteed by the Guarantor in the Covered Bond Guarantee.

(c) ***Priority of Payments***

Amounts due from the Issuer pursuant to these Conditions or from the Guarantor pursuant to the Covered Bond Guarantee shall be paid in accordance with the Priority of Payments, as set out in the Intercreditor Agreement.

5. **Fixed Rate Provisions**

(a) ***Application***

This Condition 5 is applicable to the Covered Bonds only if the Fixed Rate Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Covered Bonds 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 Covered Bond will cease to bear interest from the due date for final redemption unless 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 Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds 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 Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds 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 Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

6. **Floating Rate and Index-Linked or Other Variable-Linked Interest Provisions**

(a) ***Application***

This Condition 6 is applicable to the Covered Bonds only if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Accrual of interest***

The Covered Bonds 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 Covered Bond will cease to bear interest from the due date for final redemption unless 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 Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Screen Rate Determination***

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, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Covered Bond Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Covered Bond Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Covered Bond 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 Covered Bond 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 Covered Bonds 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 Covered Bonds in respect of a preceding Interest Period.

(d) ***ISDA Determination***

If ISDA Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds 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 Covered Bond Calculation Agent under an interest rate swap transaction if the Covered Bond Calculation Agent were acting as Covered Bond Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

(e) ***Index-Linked or Other Variable-Linked Interest***

If the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Period will be determined in the manner specified in the relevant Final Terms.

(f) ***Maximum or Minimum Rate of Interest***

If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) ***Calculation of Interest Amount***

The Covered Bond 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 Covered Bond for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Covered Bond divided by the Calculation Amount. For this purpose a "**sub unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

(h) ***Calculation of other amounts***

If the relevant Final Terms specifies that any other amount is to be calculated by the Covered Bond Calculation Agent, then the Covered Bond Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Covered Bond Calculation Agent in the manner specified in the relevant Final Terms.

(i) ***Publication***

The Covered Bond 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 Principal Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds 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 Covered Bondholders. The Covered Bond Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Covered Bond 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 Covered Bond having the minimum Specified Denomination.

(j) ***Notifications etc***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Covered Bond Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the Covered Bondholders and (subject as aforesaid) no liability to any such Person will attach to the Covered Bond Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7. **Zero Coupon Provisions**

(a) **Application**

This Condition 7 is applicable to the Covered Bonds only if the Zero Coupon Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Late payment on Zero Coupon Covered Bonds***

If the Redemption Amount payable in respect of any Zero Coupon Covered Bond 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 Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

8. **Dual Currency Provisions**

(a) **Application**

This Condition 8 is applicable to the Covered Bonds only if the Dual Currency Provisions are specified in the relevant Final Terms as being applicable.

(b) ***Rate of Interest***

If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Final Terms.

9. **Redemption and Purchase**

(a) ***Scheduled redemption***

Unless previously redeemed or purchased and cancelled in accordance with the Conditions and the relevant Final Terms, the Covered Bonds will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in this Condition 9 (*Redemption and Purchase*) and Condition 10 (*Payments*).

(b) ***Extension of maturity***

If an Extended Maturity Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the Extension Determination Date, then (subject as provided below), payment of the unpaid amount by the Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Maturity Date *provided that* any amount representing the Final Redemption Amount due and remaining after the Extension Determination Date may be paid by the Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Maturity Date as to whether payment will or will not be made in full of the Final Redemption Amount in respect of the Covered Bonds on that Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 18 (*Notices*), any relevant Swap Provider(s), the Rating Agencies, the Representative of the Covered Bondholders and the Principal Paying Agent as soon as reasonably practicable and in any event at least six Business Days prior to the Maturity Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on the Extension Determination Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* in partial payment of an amount equal to the Final Redemption Amount in respect of the Covered Bonds and shall pay Guaranteed Amounts constituting interest in respect of each such Covered Bond on such date. The obligation of the Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above.

Interest will continue to accrue on any unpaid amount and be payable on each Interest Payment Date during such extended period up to (and including) the Extended Maturity Date or, if earlier, the Interest Payment Date on which the Final Redemption Amount is paid in full.

(c) ***Redemption for tax reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

- (i) at any time (if neither the Floating Rate Provisions nor the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest 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 Covered Bondholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of 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 Covered Bonds; and

- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided, however, that no such notice of redemption shall be given earlier than:

- (1) where the Covered Bonds 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 Covered Bonds were then due; or
- (2) where the Covered Bonds 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 Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying 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 of 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(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(c).

(d) ***Redemption at the option of the Issuer***

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may 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 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(e) ***Partial redemption and instalment redemption***

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 9(d) (*Redemption at the option of the Issuer*) or if they are redeemed in instalments pursuant to the relevant Final Terms and the Conditions, the Covered Bonds to be redeemed in part or in instalments shall be redeemed in the principal amount specified by the Issuer and the Covered Bonds will be so redeemed in accordance with the rules and procedures of Monte Titoli and/or any other Relevant Clearing System (to be reflected in the records of such clearing systems as a pool factor or a reduction in principal amount, at their discretion), subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/or quotation. The notice to Covered Bondholders referred to in Condition 9(d) (*Redemption at the option of the Issuer*) shall specify the proportion of the Covered Bonds so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(f) ***Redemption at the option of Covered Bondholders***

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder redeem such Covered Bonds held by it 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(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice (which notice shall be irrevocable) in the form obtainable from the Principal Paying Agent. The Principal Paying Agent shall deliver a duly completed Put Option Receipt to the depositing Covered

Bondholder. Once deposited in accordance with this Condition 9(f), no duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 9(f), the Covered Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

(g) ***No other redemption***

The Issuer shall not be entitled to redeem the Covered Bonds otherwise than as provided in this Condition 9 and as specified in the relevant Final Terms.

(h) ***Early redemption of Zero Coupon Covered Bonds***

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bonds 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 Covered Bonds become due and payable.

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

(i) ***Purchase***

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price and any Covered Bonds so purchased may be held or resold or may be surrendered in accordance with Condition 9(j) (Cancellation). The Guarantor shall not purchase any Covered Bonds at any time.

(j) ***Cancellation***

All Covered Bonds so redeemed or purchased by the Issuer or any such Subsidiary and subsequently surrendered for cancellation shall be cancelled and may not be reissued or resold.

(k) ***Extension of principal instalments***

If Extended Instalment Date is specified as applicable in the relevant Final Terms for a Series of Covered Bonds whose principal is payable in instalments and the Issuer has failed to pay a Covered Bond Instalment Amount on the applicable Covered Bond Instalment Date specified in the relevant Final Terms and the Guarantor or the Calculation Agent on its behalf determines that the Guarantor has insufficient moneys available under the relevant Priority of Payments to pay the Guaranteed Amounts corresponding to such Covered Bond Instalment Amount in full on the applicable Covered Bond Instalment Extension Determination Date, then (subject as provided below), payment by the Guarantor under the Covered Bond Guarantee of each of (a) such Covered Bond Instalment Amount and (b) all subsequently due and payable Covered Bond Instalment Amounts shall be deferred until the Interest Payment Date falling one year after the date on which it was previously due *provided that* no Covered Bond Instalment Amount may be deferred to a date falling after the Maturity Date for the relevant Series.

The Issuer shall confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the applicable Covered Bond Instalment Date as to whether payment will or will not be made in full of the relevant Covered Bond Instalment Amount on its Covered Bond

Instalment Date. Any failure by the Issuer to notify the Principal Paying Agent shall not affect the validity or effectiveness of the extension.

The Guarantor shall notify the relevant holders of the Covered Bonds (in accordance with Condition 18 (*Notices*), any relevant Swap Provider(s), the Rating Agencies, the Representative of the Covered Bondholders and the Principal Paying Agent as soon as reasonably practicable and in any event at least six Business Days prior to a Covered Bond Instalment Date of any inability of the Guarantor to pay in full the Guaranteed Amounts corresponding to the relevant Covered Bond Instalment Amount pursuant to the Covered Bond Guarantee. Any failure by the Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor give rise to any rights in any such party.

In the circumstances outlined above, the Guarantor shall on each Interest Payment Date following the applicable Covered Bond Instalment Extension Determination Date until the applicable Extended Instalment Date, pursuant to the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the relevant Priority of Payments) *pro rata* towards payment of an amount equal to the relevant Covered Bond Instalment Amount together with interest accrued thereon up to (and including) such date.

Interest will continue to accrue on any unpaid amount during such extended period and shall be payable on each Interest Payment Date from the relevant Covered Bond Instalment Date until the Extended Instalment Date or, if earlier, the date on which the deferred Covered Bond Instalment Amount is paid in full.

Failure by the Issuer to pay the Covered Bond Instalment Amount on its Covered Bond Instalment Date will (subject to any applicable grace period) be an Issuer Event of Default. Failure by the Guarantor to pay the deferred Covered Bond Instalment Amount on the related Extended Instalment Date will (subject to any applicable grace period) be a Guarantor Event of Default.

10. **Payments**

(a) ***Payments through clearing systems***

Payment of interest and repayment of principal in respect of the Covered Bonds will be credited, in accordance with the instructions of Monte Titoli, by the Principal Paying Agent on behalf of the Issuer or the Guarantor (as the case may be) to the accounts of those banks and authorised brokers whose accounts with Monte Titoli are credited with those Covered Bonds and thereafter credited by such banks and authorised brokers from such aforementioned accounts to the accounts of the beneficial owners of those Covered Bonds or through the Relevant Clearing Systems to the accounts with the Relevant Clearing Systems of the beneficial owners of those Covered Bonds, in accordance with the rules and procedures of Monte Titoli and of the Relevant Clearing Systems, as the case may be.

(b) ***Payments subject to fiscal laws***

All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*). No commissions or expenses shall be charged to Covered Bondholders in respect of such payments.

(c) ***Payments on business days***

If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Covered Bondholder 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.

11. **Taxation**

(a) **Gross up by Issuer**

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected,

withheld or assessed by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

- (i) in respect of any payment or deduction of any interest or principal on account of *imposta sostitutiva* (at the then applicable rate of tax) pursuant to Decree 239 with respect to any Covered Bonds and in all circumstances in which the procedures set forth in Decree 239 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
- (ii) in respect of any Covered Bond having an original maturity of less than eighteen months where such withholding or deduction is required pursuant to Presidential Decree No. 600 of 29 September 1973, as amended; or
- (iii) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or
- (iv) 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 other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a Covered Bondholder which would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union.

(b) ***Taxing jurisdiction***

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

12. **Events of Default**

(a) ***Issuer Events of Default:***

If any of the following events (each, an "**Issuer Event of Default**") occurs and is continuing:

- (i) *Non-payment*: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Breach of other obligation*: a breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or
- (iii) *Cross-default*: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or
- (iv) *Insolvency*: an Insolvency Event occurs with respect to the Issuer; or
- (v) *Article 74 resolution*: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or

- (vi) *Cessation of business*: the Issuer ceases to carry on its primary business; or
- (vii) *Breach of Tests*: the Tests are breached and are not remedied within the Test Grace Period,

then the Representative of the Covered Bondholders shall serve an Issuer Default Notice on the Issuer and the Guarantor demanding payment under the Covered Bond Guarantee, and specifying, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, that the Issuer Event of Default may be temporary.

(b) ***Effect of an Issuer Default Notice:***

Upon service of an Issuer Default Notice upon the Issuer and the Guarantor:

- (i) *No further Series of Covered Bonds*: the Issuer may not issue any further Series of Covered Bonds;
- (ii) *Covered Bond Guarantee*:
 - (a) interest and principal falling due on the Covered Bonds will be payable by the Guarantor at the time and in the manner provided under these Conditions, subject to and in accordance with the terms of the Covered Bond Guarantee and the Priority of Payments;
 - (b) the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercréditor Agreement) shall be entitled to request from the Issuer an amount up to the Guaranteed Amounts and any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee;
 - (c) if (i) the right of the Guarantor under Condition 12(b)(ii)(b) is in any way challenged or revoked and (ii) a Programme Resolution of the Covered Bondholders has been passed to this effect, the Covered Bonds will become immediately due and payable by the Issuer, at their Early Termination Amount together with accrued interest thereon and the Guarantor will no longer be entitled to request from the Issuer the amount set out under Condition 12(b)(ii)(b);
- (iii) *Disposal of Assets*: the Guarantor shall sell the Eligible Assets and Top-Up Assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement,

provided that, in case of the Issuer Event of Default referred to under item (v) (*Article 74 resolution*) above, the effects listed in items (i) (*No further Series of Covered Bonds*), (ii) (*Covered Bond Guarantee*) and (iii) (*Disposal of Assets*) above will only apply for as long as the suspension of payments pursuant to Article 74 of the Consolidated Banking Act will be in force and effect (the "**Suspension Period**"). Accordingly (A) the Guarantor, in accordance with Decree 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds during the Suspension Period and (B) at the end of the Suspension Period, the Issuer shall be again responsible for meeting the payment obligations under the Covered Bonds.

(c) ***Guarantor Events of Default:***

If any of the following events (each, a "**Guarantor Event of Default**") occurs and is continuing:

- (i) *Non-payment*: following delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Insolvency*: an Insolvency Event occurs with respect to the Guarantor; or
- (iii) *Breach of other obligation*: a breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in Condition 12(c)(i)) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or

- (iv) *Breach of Amortisation Test*: the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

then the Representative of the Covered Bondholders shall or, in the case of the Guarantor Event of Default under Condition 12(c)(iii) (*Breach of other obligation*) shall, if so directed by a Programme Resolution, serve a Guarantor Default Notice on the Guarantor.

(d) ***Effect of a Guarantor Default Notice:***

Upon service of a Guarantor Default Notice upon the Guarantor:

- (i) *Acceleration of Covered Bonds*: the Covered Bonds shall become immediately due and payable at their Early Termination Amount together, if appropriate, with any accrued interest;
- (ii) *Covered Bond Guarantee*: subject to and in accordance with the terms of the Covered Bond Guarantee, the Representative of the Covered Bondholders, on behalf of the Covered Bondholders, shall have a claim against the Guarantor for an amount equal to the Early Termination Amount, together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 11(a) (*Gross up*)) in accordance with the Priority of Payments;
- (iii) *Disposal of assets*: the Guarantor shall immediately sell all assets included in the Cover Pool in accordance with the provisions of the Cover Pool Management Agreement; and
- (iv) *Enforcement*: the Representative of the Covered Bondholders may, at its discretion and without further notice subject to having been indemnified and/or secured to its satisfaction, take such steps and/or institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce such payments, but it shall not be bound to take any such proceedings or steps unless requested or authorised by a Programme Resolution of the Covered Bondholders.

(e) ***Determinations, etc***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 12 by the Representative of the Covered Bondholders shall (in the absence of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*)) be binding on the Issuer, the Guarantor and all Covered Bondholders and (in such absence as aforesaid) no liability to the Covered Bondholders, the Issuer or the Guarantor shall attach to the Representative of the Covered Bondholders in connection with the exercise or non-exercise by it of its powers, duties and discretions hereunder.

13. **Prescription**

Claims for payment under the Covered Bonds shall become void unless made within ten years (in respect of principal) or five years (in respect of interest) from the due date thereof.

14. **Representative of the Covered Bondholders**

(a) ***Organisation of the Covered Bondholders***

The Organisation of the Covered Bondholders shall be established upon, and by virtue of, the issuance of the first Series of Covered Bonds under the Programme and shall remain in force and in effect until repayment in full or cancellation of the Covered Bonds of any Series. Pursuant to the Rules of the Organisation of the Covered Bondholders, for as long as the Covered Bonds are outstanding, there shall at all times be a Representative of the Covered Bondholders. The appointment of the Representative of the Covered Bondholders as legal representative of the Organisation of the Covered Bondholders is made by the Covered Bondholders subject to and in accordance with the Rules of the Organisation of the Covered Bondholders.

(b) ***Initial appointment***

In the Programme Agreement, the Relevant Dealer(s) has or have appointed the Representative of the Covered Bondholders to perform the activities described in the Programme Agreement, in these Conditions (including the Rules of the Organisation of Covered Bondholders), in the Intercreditor Agreement and in the other Transaction Documents, and the Representative of the Covered Bondholders has accepted such appointment for the period commencing on the Issue Date of the first Series of Covered Bonds and ending (subject to early termination of its appointment) on the date on which all of the Covered Bonds have been cancelled or redeemed in accordance with these Conditions and the relevant Final Terms.

(c) ***Acknowledgment by Covered Bondholders***

Each Covered Bondholder, by reason of holding Covered Bonds:

- (i) recognises the Representative of the Covered Bondholders as its representative and (to the fullest extent permitted by law) agrees to be bound by any agreement entered into from time to time by the Representative of the Covered Bondholders in such capacity as if such Covered Bondholder were a signatory thereto; and
- (ii) acknowledges and accepts that the Relevant Dealer(s) shall not be liable in respect of any loss, liability, claim, expenses or damage suffered or incurred by any of the Covered Bondholders as a result of the performance by the Representative of the Covered Bondholders of its duties or the exercise of any of its rights under the Transaction Documents.

15. **Agents**

In acting under the Cash Allocation Management and Payments Agreement and in connection with the Covered Bonds, the Principal Paying Agent acts solely as an agent of the Issuer and, following service of an Issuer Default Notice or a Guarantor Default Notice, as an agent of the Guarantor and does not assume any obligations towards or relationship of agency or trust for or with any of the Covered Bondholders.

The Principal Paying Agent and its initial Specified Offices are set out in these Conditions. The Cover Bond Calculation Agent (if not the Principal Paying Agent) is specified in the relevant Final Terms. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint a successor principal paying agent or Cover Bond Calculation Agent; *provided, however, that:*

- (i) the Issuer and the Guarantor shall at all times maintain a principal paying agent; and
- (ii) the Issuer and the Guarantor shall at all times procure that the Principal Paying Agent operates in an EU member state such that it will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000; and
- (iii) if a Cover Bond Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Cover Bond Calculation Agent; and
- (iv) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the Guarantor shall maintain a paying agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in the Principal Paying Agent or in its Specified Offices shall promptly be given to the Covered Bondholders.

16. **Further Issues**

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in

all respects except for the first payment of interest) so as to form a single series with the Covered Bonds, *provided that* the Rating Agencies will have confirmed that such issuance does not adversely affect the then current ratings of the then outstanding Covered Bonds.

17. Limited Recourse and Non Petition

(a) *Limited Recourse*

The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree 310 and the Bank of Italy Regulations. The recourse of the Covered Bondholders to the Guarantor under the Covered Bond Guarantee will be limited to the assets comprised in the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Covered Bondholders.

(b) *Non Petition*

Only the Representative of the Covered Bondholders may pursue the remedies available under the general law or under the Transaction Documents to obtain payment of the Guaranteed Amounts or enforce the Covered Bond Guarantee and/or the Security and no Covered Bondholder shall be entitled to proceed directly against the Guarantor to obtain payment of the Guaranteed Amounts or to enforce the Covered Bond Guarantee and/or the Security. In particular:

- (i) no Covered Bondholder (nor any person on its behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Representative of the Covered Bondholders to enforce the Covered Bond Guarantee and/or the Security or (except for the Representative of the Covered Bondholders) take any proceedings against the Guarantor to enforce the Covered Bond Guarantee and/or the Security;
- (ii) no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders, where appropriate) shall, save as expressly permitted by the Transaction Documents, have the right to take or join any person in taking any steps against the Guarantor for the purpose of obtaining payment of any amount due from the Guarantor;
- (iii) at least until the date falling one year and one day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms together with any payments payable in priority or *pari passu* thereto, no Covered Bondholder (nor any person on its behalf, other than the Representative of the Covered Bondholders) shall initiate or join any person in initiating an Insolvency Event in relation to the Guarantor; and
- (iv) no Covered Bondholder shall be entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

18. Notices

(a) *Notices given through Monte Titoli*

Any notice regarding the Covered Bonds, as long as the Covered Bonds are held through Monte Titoli, shall be deemed to have been duly given if given through the systems of Monte Titoli.

(b) *Other publication*

The Representative of the Covered Bondholders shall be at liberty to sanction any other method of giving notice to Covered Bondholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the rules of the competent authority, stock exchange and/or quotation system by which the Covered Bonds are then admitted to trading and *provided that* notice of such other method is given to the holders of the Covered Bonds in such manner as the Representative of the Covered Bondholders shall require.

19. **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.

20. **Governing Law and Jurisdiction**

(a) ***Governing law***

These Covered Bonds are governed by Italian law. All other Transaction Documents are governed by Italian law, save for the Swap Agreements and the deed of charge relating to such Swap Agreements, which are governed by English law and the Luxembourg Deed of Pledge, which is governed by Luxembourg Law.

(b) ***Jurisdiction***

The courts of Milan have exclusive competence for the resolution of any dispute that may arise in relation to the Covered Bonds or their validity, interpretation or performance.

(c) ***Relevant legislation***

Anything not expressly provided for in these Conditions will be governed by the provisions of the Securitisation and Covered Bond Law and, if applicable, Article 58 of the Consolidated Banking Law, the Bank of Italy Regulations and Decree No. 310.

RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

- 1.1 The Organisation of the Covered Bondholders in respect of all Covered Bonds of whatever Series issued under the Programme by Unione di Banche Italiane S.c.p.a. is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Covered Bondholders ("**Rules**").
- 1.2 These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series.
- 1.3 The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds (the "**Conditions**") of each Series issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 Definitions

In these Rules, the terms below shall have the following meanings:

"Block Voting Instruction" means, in relation to a Meeting, a document issued by the Principal Paying Agent:

- (a) certifying that specified Covered Bonds are held to the order of the Principal Paying Agent or under its control or have been blocked in an account with a clearing system and will not be released until a the earlier of:
 - (i) a specified date which falls after the conclusion of the Meeting; and
 - (ii) the relevant Covered Bonds ceasing with the agreement of the Principal Paying Agent to be held to its order or under its control or so blocked and notification of the release thereof by the Principal Paying Agent to the Issuer and Representative of the Covered Bondholders;
- (b) certifying that the Holder of the relevant Blocked Covered Bonds or a duly authorised person on its behalf has notified the Principal Paying Agent that the votes attributable to such Covered Bonds are to be cast in a particular way on each resolution to be put to the Meeting and that during the period of 48 hours before the time fixed for the Meeting such instructions may not be amended or revoked;
- (c) listing the aggregate principal amount of such specified Blocked Covered Bonds, distinguishing between those amounts in respect of which instructions have been given to vote for, and against, each resolution; and
- (d) authorising a named individual to vote in accordance with such instructions;

"Blocked Covered Bonds" means Covered Bonds which have been blocked in an account with a clearing system or otherwise are held to the order of or under the control of the Principal Paying Agent for the purpose of obtaining from the Principal Paying Agent a Block Voting Instruction or a Voting Certificate on terms that they will not be released until after the conclusion of the Meeting in respect of which the Block Voting Instruction or Voting Certificate is required;

"Chairman" means, in relation to any Meeting, the person who takes the chair in accordance with Article 8 (*Chairman of the Meeting*);

"Cover Pool" has the meaning given to it in the Master Definitions Agreement;

"Event of Default" means an Issuer Event of Default or a Guarantor Event of Default;

"Extraordinary Resolution" means a resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of not less than three quarters of the votes cast or, in the case of a resolution pursuant to Condition 12(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), by a majority of not less than 50 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;

"Fitch" means Fitch Ratings Ltd.;

"Holder" or **"holder"** means in respect of Covered Bonds, the ultimate owner of such Covered Bonds;

"Liabilities" means losses, liabilities, inconvenience, costs, expenses, damages, claims, actions or demands;

"Meeting" means a meeting of Covered Bondholders (whether originally convened or resumed following an adjournment);

"Monte Titoli Account Holder" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-*quarter* of Italian Legislative Decree No. 58 of 24 February 1998 and includes any depository banks appointed by the Relevant Clearing System;

"Moody's" means Moody's Investors Service Limited;

"Ordinary Resolution" means any resolution passed at a Meeting, duly convened and held in accordance with the provisions contained in these Rules by a majority of more than 50 per cent. of the votes cast;

"Programme Resolution" means an Extraordinary Resolution passed at a single meeting of the Covered Bondholders of all Series, duly convened and held in accordance with the provisions contained in these Rules (i) to direct the Representative of the Covered Bondholders to take action pursuant to Condition 12(b)(ii)(c) (*Effect of an Issuer Default Notice – Covered Bond Guarantee*), Condition 12(c)(iii) (*Guarantor Event of Default – Breach of other obligation*) or Condition 12(d)(iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*); or (ii) to direct the Representative of the Covered Bondholders to take other action stipulated in the Conditions or the Transaction Documents as requiring a Programme Resolution.

"Proxy" means a person appointed to vote under a Voting Certificate as a proxy or a person appointed to vote under a Block Voting Instruction, in each case other than:

- (a) any person whose appointment has been revoked and in relation to whom the Principal Paying Agent or, in the case of a proxy appointed under a Voting Certificate, the Issuer has been notified in writing of such revocation by the time which is 48 hours before the time fixed for the relevant Meeting; and
- (b) any person appointed to vote at a Meeting which has been adjourned for want of a quorum and who has not been reappointed to vote at the Meeting when it is resumed;

"Rating Agencies" means Fitch and Moody's and each of them is a **"Rating Agency"**;

"Resolutions" means the Ordinary Resolutions, the Extraordinary Resolutions and the Programme Resolutions, collectively;

"Swap Rate" means, in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in any Swap Agreement relating to such Covered Bond or Series of Covered Bonds or, if there is no exchange rate specified or if the Swap Agreement has terminated, the applicable spot rate;

"Transaction Party" means any person who is a party to a Transaction Document;

"Voter" means, in relation to a Meeting, the Holder or a Proxy named in a Voting Certificate, the bearer of a Voting Certificate issued by the Principal Paying Agent or a Proxy named in a Block Voting Instruction;

"Voting Certificate" means, in relation to any Meeting:

- (a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time; or
- (b) a certificate issued by the Principal Paying Agent stating:
 - (i) that Blocked Covered Bonds will not be released until the earlier of:
 - (A) specified date which falls after the conclusion of the Meeting; and
 - (B) the surrender of such certificate to the Principal Paying Agent; and
 - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds;

"Written Resolution" means a resolution in writing signed by or on behalf of one or more persons being or representing the holders of at least 75 per cent of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which at any relevant time are entitled to participate in a Meeting in accordance with the provisions of these Rules, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more of such Covered Bondholders;

"24 hours" means a period of 24 hours including all or part of a day on which banks are open for business both in the place where any relevant Meeting is to be held and the places where the Principal Paying Agent has its Specified Office; and

"48 hours" means two consecutive periods of 24 hours.

Unless otherwise provided in these Rules, or unless the context requires otherwise, words and expressions used in these Rules shall have the meanings and the construction ascribed to them in the Conditions to which these Rules are attached.

2.2 **Interpretation**

In these Rules:

- 2.2.1 any reference herein to an **"Article"** shall, except where expressly provided to the contrary, be a reference to an article of these Rules of the Organisation of the Covered Bondholders;
- 2.2.2 a **"successor"** of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction Document or to which, under such laws, such rights and obligations have been transferred; and
- 2.2.3 any reference to any Transaction Party shall be construed so as to include its and any subsequent successors and transferees in accordance with their respective interests.

2.3 **Separate Series**

Subject to the provisions of the next sentence, the Covered Bonds of each Series shall form a separate Series of Covered Bonds and accordingly, unless for any purpose the Representative of the Covered Bondholders in its absolute discretion shall otherwise determine, the provisions of this sentence and of Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*) shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series. However, for the purposes of this Clause 2.3:

- 2.3.1 Articles 26 (*Appointment, Removal and Resignation*) and 27 (*Resignation of the Representative of the Covered Bondholders*); and

- 2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*),

the Covered Bonds shall be deemed to constitute a single Series and the provisions of such Articles shall apply to all the Covered Bonds together as if they constituted a single Series and, in such Articles, the expressions "**Covered Bonds**" and "**Covered Bondholders**" shall be construed accordingly.

3. **PURPOSE OF THE ORGANISATION**

- 3.1 Each Covered Bondholder, whatever Series of the Covered Bonds he holds, is a member of the Organisation of the Covered Bondholders.
- 3.2 The purpose of the Organisation of the Covered Bondholders is to co-ordinate the exercise of the rights of the Covered Bondholders and, more generally, to take any action necessary or desirable to protect the interest of the Covered Bondholders.

TITLE II

MEETINGS OF THE COVERED BONDHOLDERS

4. **VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS**

- 4.1 A Covered Bondholder may obtain a Voting Certificate in respect of a Meeting by requesting its Monte Titoli Account Holder to issue a certificate in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time; or
- 4.2 A Covered Bondholder may also obtain a Voting Certificate from the Principal Paying Agent or require the Principal Paying Agent to issue a Block Voting Instruction by arranging for Covered Bonds to be (to the satisfaction of the Principal Paying Agent) held to its order or under its control or blocked in an account in a clearing system (other than Monte Titoli) not later than 48 hours before the time fixed for the relevant Meeting.
- 4.3 A Voting Certificate or Block Voting Instruction issued pursuant to Article 4.2 shall be valid until the release of the Blocked Covered Bonds to which it relates.
- 4.4 So long as a Voting Certificate or Block Voting Instruction is valid, the person named therein as Holder or Proxy (in the case of a Voting Certificate issued by a Monte Titoli Account Holder), the bearer thereof (in the case of a Voting Certificate issued by the Principal Paying Agent), and any Proxy named therein (in the case of a Block Voting Instruction issued by the Principal Paying Agent) shall be deemed to be the Holder of the Covered Bonds to which it relates for all purposes in connection with the Meeting to which such Voting Certificate or Block Voting Instruction relates.
- 4.5 A Voting Certificate and a Block Voting Instruction cannot be outstanding simultaneously in respect of the same Covered Bonds.
- 4.6 References to the blocking or release of Covered Bonds shall be construed in accordance with the usual practices (including blocking the relevant account) of any Relevant Clearing System.

5. **VALIDITY OF BLOCK VOTING INSTRUCTIONS**

A Block Voting Instruction or a Voting Certificate issued by a Monte Titoli Account Holder shall be valid for the purpose of the relevant Meeting only if it is deposited at the Specified Offices of the Principal Paying Agent, or at any other place approved by the Representative of the Covered Bondholders, at least 24 hours before the time fixed for the relevant Meeting. If a Block Voting Instruction or a Voting Certificate is not deposited before such deadline, it shall not be valid. If the Representative of the Covered Bondholders so requires, a notarised (or otherwise acceptable) copy of each Block Voting Instruction and satisfactory evidence of the identity of each Proxy named in a Block Voting Instruction or of each Holder or Proxy named in a Voting Certificate issued by a Monte Titoli Account Holder shall be produced at the Meeting but the Representative of the Covered Bondholders shall not be obliged to investigate the validity of a Block Voting Instruction or a Voting Certificate or the

identity of any Proxy or any holder of the Covered Bonds named in a Voting Certificate or a Block Voting Instruction.

6. CONVENING A MEETING

6.1 *Convening a Meeting*

The Representative of the Covered Bondholders, the Guarantor or the Issuer may and (in relation to a meeting for the passing of a Programme Resolution) the Issuer shall upon a requisition in writing signed by the holders of not less than five per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer makes default for a period of seven days in convening such a meeting upon requisition by the Covered Bondholders the same may be convened by the Representative of the Covered Bondholders or the requisitionists. The Representative of the Covered Bondholders may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Representative of the Covered Bondholders there is no conflict between the holders of the Covered Bonds of the relevant Series, in which event the provisions of this Schedule shall apply thereto *mutatis mutandis*.

6.2 *Meetings convened by Issuer*

Whenever the Issuer is about to convene a Meeting, it shall immediately give notice in writing to the Representative of the Covered Bondholders specifying the proposed day, time and place of the Meeting, and the items to be included in the agenda.

6.3 *Time and place of Meetings*

Every Meeting will be held on a date and at a time and place selected or approved by the Representative of the Covered Bondholders.

7. NOTICE

7.1 *Notice of Meeting*

At least 21 days' notice (exclusive of the day notice is delivered and of the day on which the relevant Meeting is to be held), specifying the day, time and place of the Meeting, must be given to the relevant Covered Bondholders and the Principal Paying Agent, with a copy to the Issuer and the Guarantor, where the Meeting is convened by the Representative of the Covered Bondholders, or with a copy to the Representative of the Covered Bondholders, where the Meeting is convened by the Issuer.

7.2 *Content of notice*

The notice shall set out the full text of any resolution to be proposed at the Meeting unless the Representative of the Covered Bondholders agrees that the notice shall instead specify the nature of the resolution without including the full text and shall state that Voting Certificates for the purpose of such Meeting may be obtained from a Monte Titoli Account Holder in accordance with the provisions of the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time and that for the purpose of obtaining Voting Certificates from the Principal Paying Agent or appointing Proxies under a Block Voting Instruction, Covered Bondholders must (to the satisfaction of the Principal Paying Agent) be held to the order of or placed under the control of the Principal Paying Agent or blocked in an account with a clearing system not later than 48 hours before the relevant Meeting.

7.3 *Validity notwithstanding lack of notice*

A Meeting is valid notwithstanding that the formalities required by this Article 7 are not complied with if the Holders of the Covered Bonds constituting all the Outstanding Principal Amount of the Covered Bonds, the Holders of which are entitled to attend and vote are represented at such Meeting and the Issuer and the Representative of the Covered Bondholders are present.

8. CHAIRMAN OF THE MEETING

8.1 *Appointment of Chairman*

An individual (who may, but need not be, a Covered Bondholder), nominated by the Representative of the Covered Bondholders may take the chair at any Meeting, but if:

- 8.1.1 the Representative of the Covered Bondholders fails to make a nomination; or
- 8.1.2 the individual nominated declines to act or is not present within 15 minutes after the time fixed for the Meeting,

the Meeting shall be chaired by the person elected by the majority of the Voters present, failing which, the Issuer shall appoint a Chairman. The Chairman of an adjourned Meeting need not be the same person as was Chairman at the original Meeting.

8.2 *Duties of Chairman*

The Chairman ascertains that the Meeting has been duly convened and validly constituted, manages the business of the Meeting, monitors the fairness of proceedings, leads and moderates the debate, and determines the mode of voting.

8.3 *Assistance to Chairman*

The Chairman may be assisted by outside experts or technical consultants, specifically invited to assist in any given matter, and may appoint one or more vote counters, who are not required to be Covered Bondholders.

9. QUORUM

9.1 The quorum at any Meeting will be:

- 9.1.1 in the case of an Ordinary Resolution, two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
- 9.1.2 in the case of an Extraordinary Resolution or a Programme Resolution (subject as provided below), two or more persons holding or representing at least 50 per cent. of the Outstanding Principal Amount of the Covered Bonds for the time being outstanding, the holders of which are entitled to attend and vote or, at an adjourned Meeting, two or more persons being or representing Covered Bondholders entitled to attend and vote, whatever the Outstanding Principal Amount of the Covered Bonds so held or represented; or
- 9.1.3 at any meeting the business of which includes any of the following matters (other than in relation to a Programme Resolution) (each of which shall, subject only to Article 31.4 (*Obligation to act*) and Article 32.4 (*Obligation to exercise powers*), only be capable of being effected after having been approved by Extraordinary Resolution) namely:
 - (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds;
 - (b) alteration of the currency in which payments under the Covered Bonds are to be made;
 - (c) alteration of the majority required to pass an Extraordinary Resolution;
 - (d) any amendment to the Covered Bond Guarantee or the Deeds of Pledge or the Deed of Charge (except in a manner determined by the Representative of the Covered Bondholders not to be materially prejudicial to the interests of the Covered Bondholders of any Series);

- (e) the sanctioning of any such scheme or proposal to effect the exchange, conversion or substitution of the Covered Bonds for, or the conversion of such Covered Bonds into, shares, bonds or other obligations or securities of the Issuer or the Guarantor or any other person or body corporate, formed or to be formed; and
- (f) alteration of this Article 9.1.3;

(each a "**Series Reserved Matter**"), the quorum shall be two or more persons being or representing holders of not less than two-thirds of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding or, at any adjourned meeting, two or more persons being or representing not less than one-third of the aggregate Outstanding Principal Amount of the Covered Bonds of such Series for the time being outstanding.

provided that, if in respect of any Covered Bonds the Principal Paying Agent has received evidence that ninety per cent (90 per cent.) of the Outstanding Principal Amount of Covered Bonds then outstanding is held by a single Holder and the Voting Certificate or Block Voting Instruction so states, then a single Voter appointed in relation thereto or being the Holder of the Covered Bonds thereby represented shall be deemed to be two Voters for the purpose of forming a quorum.

10. **ADJOURNMENT FOR WANT OF QUORUM**

- 10.1 If a quorum is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:
 - 10.1.1 if such Meeting was convened upon the requisition of Covered Bondholders, the Meeting shall be dissolved; and
 - 10.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the Covered Bondholders).
- 10.2 If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the Covered Bondholders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the Covered Bondholders.

11. **ADJOURNED MEETING**

Except as provided in Article 10 (*Adjournment for Want of Quorum*), the Chairman may, with the prior consent of any Meeting, and shall if so directed by any Meeting, adjourn such Meeting to another time and place. No business shall be transacted at any adjourned meeting except business which might have been transacted at the Meeting from which the adjournment took place.

12. **NOTICE FOLLOWING ADJOURNMENT**

12.1 ***Notice required***

Article 7 (*Notice*) shall apply to any Meeting which is to be resumed after adjournment for lack of a quorum except that:

- 12.1.1 10 days' notice (exclusive of the day on which the notice is delivered and of the day on which the Meeting is to be resumed) shall be sufficient; and

12.1.2 the notice shall specifically set out the quorum requirements which will apply when the Meeting resumes.

12.2 Notice not required

Except in the case of a Meeting to consider an Extraordinary Resolution, it shall not be necessary to give notice of resumption of any Meeting adjourned for reasons other than those described in Article 10 (*Adjournment for Want of Quorum*).

13. PARTICIPATION

The following categories of persons may attend and speak at a Meeting:

- 13.1 Voters;
- 13.2 the directors and the auditors of the Issuer and the Guarantor;
- 13.3 representatives of the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.4 financial advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders;
- 13.5 legal advisers to the Issuer, the Guarantor and the Representative of the Covered Bondholders; and
- 13.6 other person authorised by virtue of a resolution of such Meeting or by the Representative of the Covered Bondholders.

14. VOTING BY SHOW OF HANDS

- 14.1 Every question submitted to a Meeting shall be decided in the first instance by a vote by a show of hands.
- 14.2 Unless a poll is validly demanded before or at the time that the result is declared, the Chairman's declaration that on a show of hands a resolution has been passed or passed by a particular majority or rejected, or rejected by a particular majority, shall be conclusive without proof of the number of votes cast for, or against, the resolution.

15. VOTING BY POLL

15.1 Demand for a poll

A demand for a poll shall be valid if it is made by the Chairman, the Issuer, the Guarantor, the Representative of the Covered Bondholders or any one or more-Voters, whatever the Outstanding Principal Amount of the Covered Bonds held or represented by such Voter(s). A poll may be taken immediately or after such adjournment as is decided by the Chairman but any poll demanded on the election of a Chairman or on any question of adjournment shall be taken immediately. A valid demand for a poll shall not prevent the continuation of the relevant Meeting for any other business. The result of a poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

15.2 The Chairman and a poll

The Chairman sets the conditions for the voting, including for counting and calculating the votes, and may set a time limit by which all votes must be cast. Any vote which is not cast in compliance with the terms specified by the Chairman shall be null and void. After voting ends, the votes shall be counted and, after the counting, the Chairman shall announce to the Meeting the outcome of the vote.

16. VOTES

16.1 Voting

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and

- 16.1.2 on a poll every Voter who is present shall have one vote in respect of each Euro1,000 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate) in the Outstanding Principal Amount of the Covered Bonds it holds or represents.

16.2 Block Voting Instruction

Unless the terms of any Block Voting Instruction or Voting Certificate state otherwise in the case of a Proxy, a Voter shall not be obliged to exercise all the votes to which such Voter is entitled or to cast all the votes he exercises the same way.

16.3 Voting tie

In the case of a voting tie, the relevant Resolution shall be deemed to have been rejected.

17. VOTING BY PROXY

17.1 Validity

Any vote by a Proxy in accordance with the relevant Block Voting Instruction or Voting Certificate appointing a Proxy shall be valid even if such Block Voting Instruction or Voting Certificate or any instruction pursuant to which it has been given had been amended or revoked *provided that* none of the Issuer, the Representative of the Covered Bondholders or the Chairman has been notified in writing of such amendment or revocation at least 24 hours prior to the time set for the relevant Meeting.

17.2 Adjournment

Unless revoked, the appointment of a Proxy under a Block Voting Instruction or a Voting Certificate in relation to a Meeting shall remain in force in relation to any resumption of such Meeting following an adjournment save that no such appointment of a Proxy in relation to a meeting originally convened which has been adjourned for want of a quorum shall remain in force in relation to such meeting when it is resumed. Any person appointed to vote at such Meeting must be re-appointed under a Block Voting Instruction or Voting Certificate to vote at the Meeting when it is resumed.

18. RESOLUTIONS

18.1 Ordinary Resolutions

Subject to Article 18.2 (*Extraordinary Resolutions*), a Meeting shall have the following powers exercisable by Ordinary Resolution, to:

- 18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and
- 18.1.2 to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 Extraordinary Resolutions

A Meeting, in addition to any powers assigned to it in the Conditions, shall have power exercisable by Extraordinary Resolution to:

- 18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;
- 18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Transaction Documents or

otherwise, and (b) these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;

- 18.2.3 assent to any modification of the provisions of these Rules or the Transaction Documents which shall be proposed by the Issuer, the Guarantor, the Representative of the Covered Bondholders or of any Covered Bondholder;
- 18.2.4 in accordance with Article 26 (*Appointment, Removal and Remuneration*), appoint and remove the Representative of the Covered Bondholders;
- 18.2.5 direct the Representative of the Covered Bondholders to issue an Issuer Default Notice as a result of an Event of Default pursuant to Condition 12(a) (*Issuer Event of Default*) or a Guarantor Default Notice as a result of a Guarantor Event of Default pursuant to Condition 12(c) (*Guarantor Event of Default*);
- 18.2.6 discharge or exonerate, whether retrospectively or otherwise, the Representative of the Covered Bondholders from any liability in relation to any act or omission for which the Representative of the Covered Bondholders has or may become liable pursuant or in relation to these Rules, the Conditions or any other Transaction Document;
- 18.2.7 waive any breach or authorise any proposed breach by the Issuer, the Guarantor or (if relevant) any other Transaction Party of its obligations under or in respect of these Rules, the Covered Bonds or any other Transaction Document or any act or omission which might otherwise constitute an Event of Default;
- 18.2.8 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, must be granted by an Extraordinary Resolution;
- 18.2.9 authorise and ratify the actions of the Representative of the Covered Bondholders in compliance with these Rules, the Intercreditor Agreement and any other Transaction Document;
- 18.2.10 to appoint any persons (whether Covered Bondholders or not) as a committee to represent the interests of the Covered Bondholders and to confer on any such committee any powers which the Covered Bondholders could themselves exercise by Extraordinary Resolution; and
- 18.2.11 authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Extraordinary Resolution.

18.3 ***Programme Resolutions***

A Meeting shall have power exercisable by a Programme Resolution to direct the Representative of the Covered Bondholders to take action pursuant to Condition 12(b)(ii)(c) (*Issuer Event of Default – Covered Bond Guarantee*) or Condition 12(d)(iv) (*Guarantor Event of Default – Enforcement*) or to appoint or remove the Representative of the Covered Bondholders pursuant to Article 26 (*Appointment, Removal and Remuneration*) or to take any other action required by the Conditions or any Transaction Documents to be taken by Programme Resolution.

18.4 ***Other Series of Covered Bonds***

No Ordinary Resolution or Extraordinary Resolution other than a Programme Resolution that is passed by the Holders of one Series of Covered Bonds shall be effective in respect of another Series of Covered Bonds unless it is sanctioned by an Ordinary Resolution or Extraordinary Resolution (as the case may be) of the Holders of Covered Bonds then outstanding of that other Series.

19. EFFECT OF RESOLUTIONS

19.1 *Binding nature*

Subject to Article 18.4 (*Other Series of Covered Bonds*), any resolution passed at a Meeting of the Covered Bondholders of any Series duly convened and held in accordance with these Rules shall be binding upon all Covered Bondholders of any such Series, whether or not present at such Meeting and or not voting. A Programme Resolution passed at any Meeting of the holders of the Covered Bonds of all Series shall be binding on all holders of the Covered Bonds of all Series, whether or not present at the meeting.

19.2 *Notice of voting results*

Notice of the results of every vote on a resolution duly considered by Covered Bondholders shall be published (at the cost of the Issuer) in accordance with the Conditions and given to the Principal Paying Agent (with a copy to the Issuer, the Guarantor and the Representative of the Covered Bondholders within 14 days of the conclusion of each Meeting).

20. CHALLENGE TO RESOLUTIONS

Any absent or dissenting Covered Bondholder has the right to challenge Resolutions which are not passed in compliance with the provisions of these Rules.

21. MINUTES

Minutes shall be made of all resolutions and proceedings of each Meeting and entered in books provided by the Issuer for that purpose. The Minutes shall be signed by the Chairman and shall be *prima facie* evidence of the proceedings therein recorded. Unless and until the contrary is proved, every Meeting in respect of which minutes have been signed by the Chairman shall be regarded as having been duly convened and held and all resolutions passed or proceedings transacted shall be regarded as having been duly passed and transacted.

22. WRITTEN RESOLUTION

A Written Resolution shall take effect as if it were an Extraordinary Resolution or, in respect of matters required to be determined by Ordinary Resolution, as if it were an Ordinary Resolution.

23. INDIVIDUAL ACTIONS AND REMEDIES

Each Covered Bondholder has accepted and is bound by the provisions of Condition 17 (*Limited Recourse and Non Petition*) and, accordingly, if any Covered Bondholder is considering bringing individual actions or using other individual remedies to enforce his/her rights under the Covered Bond Guarantee (hereinafter, a "**Claiming Covered Bondholder**"), then such Claiming Covered Bondholder intending to enforce his/her rights under the Covered Bonds will notify the Representative of the Covered Bondholders of his/her intention. The Representative of the Covered Bondholders shall inform the other Covered Bondholders in accordance with Condition 18 (*Notices*) of such prospective individual actions and remedies and invite them to raise, in writing, any objection that they may have by a specific date not more than 30 days after the date of the Representative of the Covered Bondholders' notification and not less than 10 days after such notification. If Covered Bondholders representing 5 per cent. or more of the aggregate Outstanding Principal Amount of the Covered Bonds then outstanding object to such prospective individual actions and remedies, then the Claiming Covered Bondholder will be prevented from taking any individual action or remedy (without prejudice to the fact that, after a reasonable period of time, the same matter may be resubmitted to the Representative of the Covered Bondholders pursuant to the terms of this Article 23).

24. MEETINGS AND SEPARATE SERIES

24.1 *Choice of Meeting*

If and whenever the Issuer shall have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule shall have effect subject to the following modifications:

- 24.1.1 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
- 24.1.2 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
- 24.1.3 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
- 24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

24.2 *Denominations other than Euro*

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or Written Resolution) the Outstanding Principal Amount of such Covered Bonds shall be the equivalent in Euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each Euro1.00 (or such other Euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Amount of the Covered Bonds (converted as above) which he holds or represents.

25. FURTHER REGULATIONS

Subject to all other provisions contained in these Rules, the Representative of the Covered Bondholders may, without the consent of the Issuer, prescribe such further regulations regarding the holding of Meetings and attendance and voting at them and/or the provisions of a Written Resolution as the Representative of the Covered Bondholders in its sole discretion may decide.

TITLE III

THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

26. APPOINTMENT, REMOVAL AND REMUNERATION

26.1 *Appointment*

The appointment of the Representative of the Covered Bondholders takes place by Programme Resolution in accordance with the provisions of this Article 26, except for the appointment of the first Representative of the Covered Bondholders which will be BNY Corporate Trustee Services Limited.

26.2 ***Identity of Representative of the Covered Bondholders***

The Representative of the Covered Bondholders shall be:

- 26.2.1 a bank incorporated in any jurisdiction of the European Union or a bank incorporated in any other jurisdiction acting through an Italian branch; or
- 26.2.2 a company or financial institution enrolled with the register held by the Bank of Italy pursuant to Article 107 of Italian Legislative Decree No. 385 of 1993; or
- 26.2.3 any other entity which is not prohibited from acting in the capacity of Representative of the Covered Bondholders pursuant to the law.

The directors and auditors of the Issuer and those who fall within the conditions set out in Article 2399 of the Italian Civil Code cannot be appointed as Representative of the Covered Bondholders and, if appointed as such, they shall be automatically removed.

26.3 ***Duration of appointment***

Unless the Representative of the Covered Bondholders is removed by Programme Resolution of the Covered Bondholders pursuant to Article 18.3 (*Programme Resolution*) or resigns pursuant to Article 27 (*Resignation of the Representative of the Covered Bondholders*), it shall remain in office until full repayment or cancellation of all the Covered Bonds.

26.4 ***After termination***

In the event of a termination of the appointment of the Representative of the Covered Bondholders for any reason whatsoever, such representative shall remain in office until the substitute Representative of the Covered Bondholders, which shall be an entity specified in Article 26.2 (*Identity of Representative of the Covered Bondholders*), accepts its appointment, and the powers and authority of the Representative of the Covered Bondholders whose appointment has been terminated shall, pending the acceptance of its appointment by the substitute, be limited to those necessary to perform the essential functions required in connection with the Covered Bonds.

26.5 ***Remuneration***

The Issuer, failing which the Guarantor, shall pay to the Representative of the Covered Bondholders an annual fee for its services as Representative of the Covered Bondholders from the Issue Date, as agreed either in the initial agreement(s) for the issue of and subscription for the Covered Bonds or in a separate fee letter. Such fees shall accrue from day-to-day and shall be payable in accordance with the priority of payments set out in the Intercreditor Agreement up to (and including) the date when all the Covered Bonds of whatever Series shall have been repaid in full or cancelled in accordance with the Conditions.

27. **RESIGNATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

The Representative of the Covered Bondholders may resign at any time by giving at least three calendar months' written notice to the Issuer and the Guarantor, without needing to provide any specific reason for the resignation and without being responsible for any costs incurred as a result of such resignation. The resignation of the Representative of the Covered Bondholders shall not become effective until a new Representative of the Covered Bondholders has been appointed in accordance with Article 26.1 (*Appointment*) and such new Representative of the Covered Bondholders has accepted its appointment, *provided that* if Covered Bondholders fail to select a new Representative of the Covered Bondholders within three months of written notice of resignation delivered by the Representative of the Covered Bondholders, the Representative of the Covered Bondholders may appoint a successor which is a qualifying entity pursuant to Article 26.2 (*Identity of the Representative of the Covered Bondholders*).

28. DUTIES AND POWERS OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

28.1 *Representative of the Covered Bondholders as legal representative*

The Representative of the Covered Bondholders is the legal representative of the Organisation of the Covered Bondholders and has the power to exercise the rights conferred on it by the Transaction Documents in order to protect the interests of the Covered Bondholders.

28.2 *Meetings and resolutions*

Unless any Resolution provides to the contrary, the Representative of the Covered Bondholders is responsible for implementing all resolutions of the Covered Bondholders. The Representative of the Covered Bondholders has the right to convene and attend Meetings to propose any course of action which it considers from time to time necessary or desirable.

28.3 *Delegation*

The Representative of the Covered Bondholders may in the exercise of the powers, discretions and authorities vested in it by these Rules and the Transaction Documents:

28.3.1 act by responsible officers or a responsible officer for the time being of the Representative of the Covered Bondholders;

28.3.2 whenever it considers it expedient and in the interest of the Covered Bondholders, whether by power of attorney or otherwise, delegate to any person or persons or fluctuating body of persons some, but not all, of the powers, discretions or authorities vested in it as aforesaid.

Any such delegation pursuant to Article 28.3.1 may be made upon such conditions and subject to such regulations (including power to sub-delegate) as the Representative of the Covered Bondholders may think fit in the interest of the Covered Bondholders. The Representative of the Covered Bondholders shall not be bound to supervise the acts or proceedings of such delegate or sub-delegate and shall not in any way or to any extent be responsible for any loss incurred by reason of any misconduct, omission or default on the part of such delegate or sub-delegate, *provided that* the Representative of the Covered Bondholders shall use all reasonable care in the appointment of any such delegate and shall be responsible for the instructions given by it to such delegate. The Representative of the Covered Bondholders shall, as soon as reasonably practicable, give notice to the Issuer and the Guarantor of the appointment of any delegate and any renewal, extension and termination of such appointment, and shall procure that any delegate shall give notice to the Issuer and the Guarantor of the appointment of any sub-delegate as soon as reasonably practicable.

28.4 *Judicial proceedings*

The Representative of the Covered Bondholders is authorised to represent the Organisation of the Covered Bondholders in any judicial proceedings including any Insolvency Event in respect of the Issuer and/or the Guarantor.

28.5 *Consents given by Representative of Covered Bondholders*

Any consent or approval given by the Representative of the Covered Bondholders under these Rules and any other Transaction Document may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders deems appropriate and, notwithstanding anything to the contrary contained in the Rules or in the Transaction Documents, such consent or approval may be given retrospectively.

28.6 *Discretions*

Save as expressly otherwise provided herein, the Representative of the Covered Bondholders shall have absolute discretion as to the exercise or non-exercise of any right, power and discretion vested in the Representative of the Covered Bondholders by these Rules or by operation of law.

28.7 ***Obtaining instructions***

In connection with matters in respect of which the Representative of the Covered Bondholders is entitled to exercise its discretion hereunder, the Representative of the Covered Bondholders has the right (but not the obligation) to convene a Meeting or Meetings in order to obtain the Covered Bondholders' instructions as to how it should act. Prior to undertaking any action, the Representative of the Covered Bondholders shall be entitled to request that the Covered Bondholders indemnify it and/or provide it with security as specified in Article 29.2 (*Specific Limitations*).

28.8 ***Remedy***

The Representative of the Covered Bondholders may in its sole discretion determine whether or not a default in the performance by the Issuer or the Guarantor of any obligation under the provisions of these Rules, the Covered Bonds or any other Transaction Documents may be remedied, and if the Representative of the Covered Bondholders certifies that any such default is, in its opinion, not capable of being remedied, such certificate shall be conclusive and binding upon the Issuer, the Covered Bondholders, the other creditors of the Guarantor and any other party to the Transaction Documents.

29. **EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS**

29.1 ***Limited obligations***

The Representative of the Covered Bondholders shall not assume any obligations or responsibilities in addition to those expressly provided herein and in the Transaction Documents.

29.2 ***Specific limitations***

Without limiting the generality of the Article 29.1, the Representative of the Covered Bondholders:

- 29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;
- 29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Covered Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 29.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
 - (i) the nature, status, creditworthiness or solvency of the Issuer or the Guarantor;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;

- (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Master Servicer or any Sub-Servicer or compliance therewith;
 - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Master Servicer, any Sub-Servicer and the Principal Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;
- 29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 29.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;
- 29.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Covered Bondholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 29.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 29.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 29.2.10 shall not be under any obligation to guarantee or procure the repayment of the Mortgage Loans contained in the Cover Pool or any part thereof;
- 29.2.11 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;
- 29.2.12 shall not be responsible for or have any liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;
- 29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Transaction Document;
- 29.2.14 shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written

resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;

- 29.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Covered Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between their interests the Representative of the Covered Bondholders will have regard solely to the interest of the Covered Bondholders;
- 29.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Covered Bondholders to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and
- 29.2.19 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Covered Bondholder, any Other Creditor or any other person as a result of any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Covered Bondholders as a whole or the interests of the Covered Bondholders of any Series.

29.3 ***Covered Bonds held by Issuer***

The Representative of the Covered Bondholders may assume without enquiry that no Covered Bonds are, at any given time, held by or for the benefit of the Issuer or the Guarantor.

29.4 ***Illegality***

No provision of these Rules shall require the Representative of the Covered Bondholders to do anything which may be illegal or contrary to applicable law or regulations or to expend moneys or otherwise take risks in the performance of any of its duties, or in the exercise of any of its powers or discretion. The Representative of the Covered Bondholders may refrain from taking any action which would or might, in its opinion, be contrary to any law of any jurisdiction or any regulation or directive of any agency of any state, or if it has reasonable grounds to believe that it will not be reimbursed for any funds it expends, or that it will not be indemnified against any loss or Liabilities which it may incur as a consequence of such action. The Representative of the Covered Bondholders may do anything which, in its opinion, is necessary to comply with any such law, regulation or directive as aforesaid.

30. **RELiance ON INFORMATION**

30.1 ***Advice***

The Representative of the Covered Bondholders may act on the advice of a certificate or opinion of, or any written information obtained from, any lawyer, accountant, banker, broker, credit or rating agency or other expert, whether obtained by the Issuer, the Guarantor, the Representative of the Covered Bondholders or otherwise, and shall not be liable for any loss occasioned by so acting. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, e-mail or fax transmission and the Representative of the Covered Bondholders shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same contains some error or is not authentic and, in circumstances where in the opinion of the Representative of the Covered Bondholders to obtain such advice on any other basis is not practicable, notwithstanding any limitation of or cap on liability in respect thereof.

30.2 ***Certificates of Issuer and/or Guarantor***

The Representative of the Covered Bondholders may require, and shall be at liberty to accept (a) as sufficient evidence

30.2.1 as to any fact or matter *prima facie* within the Issuer's or the Guarantor's knowledge, a certificate duly signed by a director of the Issuer or (as the case may be) the Guarantor;

30.2.2 that such is the case, a certificate of a director of the Issuer or (as the case may be) the Guarantor to the effect that any particular dealing, transaction, step or thing is expedient,

and the Representative of the Covered Bondholders shall not be bound in any such case to call for further evidence or be responsible for any loss that may be incurred as a result of acting on such certificate unless any of its officers in charge of the administration of these Rules shall have actual knowledge or express notice of the untruthfulness of the matters contained in the certificate.

30.3 ***Resolution or direction of Covered Bondholders***

The Representative of the Covered Bondholders shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any Meeting in respect whereof minutes have been made and signed or a direction of the requisite percentage of Covered Bondholders, even though it may subsequently be found that there was some defect in the constitution of the Meeting or the passing of the Written Resolution or the giving of such directions or that for any reason the resolution purporting to be a Written Resolution or to have been passed at any Meeting or the giving of the direction was not valid or binding upon the Covered Bondholders.

30.4 ***Certificates of Monte Titoli Account Holders***

The Representative of the Covered Bondholders, in order to ascertain ownership of the Covered Bonds, may fully rely on the certificates issued by any Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time, which certificates are to be conclusive proof of the matters certified therein.

30.5 ***Clearing Systems***

The Representative of the Covered Bondholders shall be at liberty to call for and to rely on as sufficient evidence of the facts stated therein, a certificate, letter or confirmation certified as true and accurate and signed on behalf of such clearing system as the Representative of the Covered Bondholders considers appropriate, or any form of record made by any clearing system, to the effect that at any particular time or throughout any particular period any particular person is, or was, or will be, shown its records as entitled to a particular number of Covered Bonds.

30.6 ***Rating Agencies***

The Representative of the Covered Bondholders shall be entitled to assume, for the purposes of exercising any power, authority, duty or discretion under or in relation to these Rules that such exercise will not be materially prejudicial to the interests of the holders of Covered Bonds of any Series or of all Series for the time being outstanding if the Rating Agencies have confirmed that the then current rating of the Covered Bonds of any such Series or all such Series (as the case may be) would not be adversely affected by such exercise, or have otherwise given their consent. If the Representative of the Covered Bondholders, in order properly to exercise its rights or fulfil its obligations, deems it necessary to obtain the views of the Rating Agencies as to how a specific act would affect any outstanding rating of the Covered Bonds, the Representative of the Covered Bondholders may inform the Issuer, which will then obtain such views at its expense on behalf of the Representative of the Covered Bondholders or the Representative of the Covered Bondholders may seek and obtain such views itself at the cost of the Issuer.

30.7 ***Certificates of Parties to Transaction Document***

The Representative of the Covered Bondholders shall have the right to call for or require the Issuer or the Guarantor to call for and to rely on written certificates issued by any party (other than the Issuer or the Guarantor) to the Intercreditor Agreement or any other Transaction Document,

- 30.7.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;
- 30.7.2 as any matter or fact *prima facie* within the knowledge of such party; or
- 30.7.3 as to such party's opinion with respect to any issue

and the Representative of the Covered Bondholders shall not be required to seek additional evidence in respect of the relevant fact, matter or circumstances and shall not be held responsible for any Liabilities incurred as a result of having failed to do so unless any of its officers has actual knowledge or express notice of the untruthfulness of the matter contained in the certificate.

30.8 ***Auditors***

The Representative of the Covered Bondholders shall not be responsible for reviewing or investigating any auditors' report or certificate and may rely on the contents of any such report or certificate.

31. **AMENDMENTS AND MODIFICATIONS**

31.1 ***Modification***

The Representative of the Covered Bondholders may at any time and from time to time and without the consent or sanction of the Covered Bondholders of any Series concur with the Issuer and/or the Guarantor and any other relevant parties in making any modification (and for this purpose the Representative of the Covered Bondholders may disregard whether any such modification relates to a Series Reserved Matter) as follows:

- 31.1.1 to these Rules, the Conditions and/or the other Transaction Documents which, in the sole opinion of the Representative of the Covered Bondholders, it may be expedient to make *provided that* the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and
- 31.1.2 to these Rules, the Conditions and/or the other Transaction Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law; and
- 31.1.3 to these Rules, the Conditions and/or the other Transaction Documents which, in the opinion of the Representative of the Covered Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders.

31.2 ***Binding Nature***

Any such modification may be made on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding upon the Covered Bondholders and, unless the Representative of the Covered Bondholders otherwise agrees, shall be notified by the Issuer or the Guarantor (as the case may be) to the Covered Bondholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

31.3 ***Establishing an error***

In establishing whether an error is established as such, the Representative of the Covered Bondholders may have regard to any evidence on which the Representative of the Covered Bondholders considers it appropriate to rely and may, but shall not be obliged to, have regard to any of the following:

- 31.3.1 a certificate from the Arranger:
 - (i) stating the intention of the parties to the relevant Transaction Document;
 - (ii) confirming nothing has been said to, or by, investors or any other parties which is in any way inconsistent with such stated intention; and
 - (iii) stating the modification to the relevant Transaction Document that is required to reflect such intention; and

31.3.2 confirmation from the relevant credit rating agencies that, after giving effect to such modification, the Covered Bonds shall continue to have the same credit ratings as those assigned to them immediately prior to the modification.

31.4 ***Obligation to act***

The Representative of the Covered Bondholders shall be bound to concur with the Issuer and the Guarantor and any other party in making any modifications to these Rules, the Conditions and/or the other Transaction Documents if it is so directed by a Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

32. **WAIVER**

32.1 ***Waiver of Breach***

The Representative of the Covered Bondholders may at any time and from time to time without the consent or sanction of the Covered Bondholders of any Series and, without prejudice to its rights in respect of any subsequent breach, condition, or event but only if, and in so far as, in its opinion the interests of the Holders of the Covered Bonds of any Series then outstanding shall not be materially prejudiced thereby:

32.1.1 authorise or waive, any proposed breach or breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Covered Bond Guarantee these Rules or the other Transaction Documents; or

32.1.2 determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such for the purposes of the Transaction Documents,

without any consent or sanction of the Covered Bondholders.

32.2 ***Binding Nature***

Any authorisation, or, waiver or determination may be given on such terms and subject to such conditions (if any) as the Representative of the Covered Bondholders may determine, shall be binding on all Bondholders and, if the Representative of the Covered Bondholders so requires, shall be notified to the Bondholders and the Other Creditors by the Issuer or the Guarantor, as soon as practicable after it has been given or made in accordance with the provisions of the conditions relating to Notices and the relevant Transaction Documents.

32.3 ***Restriction on powers***

The Representative of the Covered Bondholders shall not exercise any powers conferred upon it by this Article 32 (*Waiver*) in contravention of any express direction by an Programme Resolution, but so that no such direction shall affect any authorisation, waiver or determination previously given or made.

32.4 ***Obligation to exercise powers***

The Representative of the Covered Bondholders shall be bound to waive or authorise any breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in the Guarantee, these Rules or any of the other Transaction Documents or determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such if it is so directed by an Programme Resolution and then only if it is indemnified and/or secured to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

32.5 ***Notice of waiver***

If the Representative of the Covered Bondholders so requires, the Issuer shall cause any such authorisation, waiver or determination to be notified to the Covered Bondholders and the Other Creditors, as soon as practicable after it has been given or made in accordance with Condition 18 (*Notices*).

33. **INDEMNITY**

Pursuant to the Programme Agreement, each Subscription Agreement and other document been agreed between the Issuer and the Relevant Dealer(s), the Issuer, failing which the Guarantor, has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands properly incurred by or made against the Representative of the Covered Bondholders or any entity to which the Representative of the Covered Bondholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Transaction Documents against the Issuer, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders.

34. **LIABILITY**

Notwithstanding any other provision of these Rules, the Representative of the Covered Bondholders shall not be liable for any act, matter or thing done or omitted in any way in connection with the Transaction Documents, the Covered Bonds, the Conditions or the Rules except in relation to its own fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*).

35. **SECURITY DOCUMENTS**

35.1 ***The Deeds of Pledge***

The Representative of the Covered Bondholders shall have the right to exercise all the rights granted by the Guarantor to the Covered Bondholders pursuant to the Deeds of Pledge. The beneficiaries of the Deeds of Pledge are referred to in this Article 35 as the "**Secured Bondholders**".

35.2 ***Rights of Representative of the Covered Bondholders***

35.2.1 The Representative of the Covered Bondholders, acting on behalf of the Secured Bondholders, shall be entitled to appoint and entrust the Guarantor to collect, in the Secured Bondholders' interest and on their behalf, any amounts deriving from the pledged claims and rights, and shall be entitled to give instructions, jointly with the Guarantor, to the respective debtors of the pledged claims to make the payments related to such claims to any account opened in the name of the Guarantor and appropriate for such purpose;

35.2.2 The Secured Bondholders irrevocably waive any right they may have in relation to any amount deriving from time to time from the pledged claims or credited to any such account opened in the name of the Guarantor and appropriate of such purpose which is not in accordance with the provisions of this Article 35. The Representative of the Covered Bondholders shall not be entitled to collect, withdraw or apply, or issue instructions for the collection, withdrawal or application of, cash deriving from time to time from the pledged claims under the Deeds of Pledge except in accordance with the provisions of this Article 35 and the Intercreditor Agreement.

TITLE IV

THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF AN NOTICE

36. **POWERS TO ACT ON BEHALF OF THE GUARANTOR**

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, shall be entitled (also in

the interests of the Other Issuer Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

37. GOVERNING LAW

These Rules are governed by, and will be construed in accordance with, the laws of the Republic of Italy.

38. JURISDICTION

The Courts of Milan will have jurisdiction to law and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with these Rules.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendments, will be completed for each Tranche of Covered Bonds issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

UNIONE DI BANCHE ITALIANE S.c.p.a.

Issue of [Aggregate Nominal Amount of Tranche] [Description]

Covered Bonds (*Obbligazioni Bancarie Garantite*) due [Maturity]

Guaranteed by

UBI Finance S.r.l.

under the Euro 10,000,000,000 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 prospectus dated [•] 2011 [and the supplement[s] to the prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [including the supplement[s]] [is/are] available for viewing [at the Issuer's website (<http://www.ubibanca.it>)] [and] during normal business hours at the registered office of the Issuer at [address] [and copies may be obtained from [the registered office of the Issuer].

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

[When completing any final terms, or adding any other final terms or information, 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) Issuer: Unione di Banche Italiane S.c.p.a.
(ii) Guarantor: UBI Finance S.r.l.
2. (i) Series Number: [•]
(ii) Tranche Number: [•]
(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible).
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
(i) Series: [•]
(ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [•] [plus integral multiples of [•] in addition to the said sum of [•]] *(Include the wording in square brackets where the Specified Denomination is Euro 100,000 or equivalent plus multiples of a lower principal amount.)*
(ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
(ii) Interest Commencement Date: *[Specify/Issue Date/Not Applicable]*
8. Maturity Date: *[Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.]*

[If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Covered Bonds is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Covered Bonds must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available.]
9. (i) Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Covered Bond Guarantee: *[Not Applicable/Specify Date or (for Floating Rate Covered Bonds) Interest Payment date falling in or nearest to the relevant month and year]*
(ii) Extended Instalment Date of Guaranteed Amounts corresponding to Covered Bond Instalment Amounts under the Covered Bond Guarantee: *[Not Applicable/ Applicable]*

10. Interest Basis: [[•] per cent. Fixed Rate]
 [[Specify reference rate] +/- [Margin] per cent. [Floating Rate]
 [Zero Coupon]
 [Index-Linked or Other Variable-Linked Interest] [Other (Specify)]
 (further particulars specified below)
11. Redemption/Payment Basis: [Redemption at par]
 [Index-Linked or Other Variable-Linked Redemption]
 [Dual Currency]
 [Partly-Paid]
 [Instalment] [The Covered Bonds shall be redeemed in the Covered Bond Instalment Amounts and on the Covered Bond Instalment Dates set out in paragraph 27 below.]
 [Other (Specify)]
12. Change of Interest or Redemption/ Payment Basis [Specify details of any provision for convertibility Covered Bonds into another interest or redemption/payment basis]
13. Put/Call Options: [Not Applicable]
 [Investor Put]
 [Issuer Call]
 [(further particulars specified below)]
14. [Date [Board] approval for issuance of Covered Bonds [and Covered Bond Guarantee] [respectively]] obtained: [•] [and [•], respectively]
 (N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds or related Guarantee)]
15. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Provisions** [Applicable/Not Applicable]
 (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate(s) of Interest: [•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount

- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA)/Other]
- (vi) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [[Not Applicable/give details]
17. **Floating Rate Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [•]
- (ii) Specified Period: [•]
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (iii) Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (iv) First Interest Payment Date: [•]
- (v) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention/ Other (give details)]
- (vi) Additional Business Centre(s): [Not Applicable/give details]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/ Other (give details)]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Principal Paying Agent): [[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
- (ix) Screen Rate Determination:
- Reference Rate: [For example, LIBOR or EURIBOR]
 - Interest Determination Date(s): [•]
 - Relevant Screen Page: [For example, Reuters LIBOR 01/EURIBOR 01]
 - Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
 - Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the Euro)]

- (x) ISDA Determination:
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction: [Actual/Actual (ICMA)/
Actual/Actual (ISDA)/
Actual/365 (Fixed)/
Actual/360/30/360/
30E/360/
Eurobond Basis/
30E/360 (ISDA)]
- (xv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: [•]
18. **Zero Coupon Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) [Amortisation/Accrual] Yield: [•] per cent. per annum
- (ii) Reference Price: [•]
- (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 9(h) (Early redemption of Zero Coupon Covered Bonds)]*
19. **Index-Linked or Other Variable-Linked Interest Provisions** [Applicable/Not Applicable]
Index/Formula/other variable *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [Give or annex details]
- (ii) Party responsible for calculating the interest due (if not the Principal Paying Agent): [•]
- (iii) Provisions for determining interest where calculated by reference to Index and/or Formula and/or other variable: [•]
- (iv) Interest Determination Date(s): [•]

- (v) Provisions for determining interest where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (vi) Interest or calculation period(s) [•]
- (vii) Specified Period: [•]
- (Specified Period and Interest Payment Dates are alternatives. A Specified Period, rather than Interest Payment Dates, will only be relevant if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention. Otherwise, insert "Not Applicable")*
- (viii) Interest Payment Dates: [•]
- (Specified Period and Specified Interest Payment Dates are alternatives. If the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention, insert "Not Applicable")*
- (ix) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (give details)]
- (x) Additional Business Centre(s): [•]
- (xi) Minimum Rate/Amount of Interest: [•] per cent. Per annum
- (xii) Maximum Rate/Amount of Interest: [•] per cent. Per annum
- (xiii) Day Count Fraction: [•]
20. **Dual Currency Note Provisions** [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Principal Paying Agent): [•]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [•]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of Covered Bonds and method, if any, of calculation of such amount [•] per Calculation of Amount
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [•] per Calculation Amount
 - (b) Maximum Redemption Amount [•] per Calculation Amount
 - (iv) Notice period: [•]
22. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]
 - (ii) Optional Redemption Amount(s) of each Covered Bonds and method, if any, of calculation of such amount(s): [•] per Calculation Amount
 - (iii) Notice period: [•]
23. **Final Redemption Amount of Covered Bonds** [•] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
 - (ii) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent): [•]
 - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [•]
 - (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: [•]
 - (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or

impracticable or otherwise disrupted:

(vi) Minimum Final Redemption Amount: [•] per Calculation Amount

(vii) Maximum Final Redemption Amount: [•] per Calculation Amount

24. **Early Redemption Amount**

Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following an Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

[Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Covered Bonds/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Covered Bonds)]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

25. Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/give details]
Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 17(vi) and 19(x) relate

26. Details relating to Covered Bonds issued on a partly-paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:

[Not Applicable/give details]

27. Details relating to Covered Bonds for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made:

[Not Applicable/provide details below]

[The Covered Bonds shall be redeemed on each date set out below (each a "**Covered Bond Instalment Date**") in the amounts set out below (each a "**Covered Bond Instalment Amount**").

Covered Bond Instalment Date	Covered Bond Instalment Amount
-------------------------------------	---------------------------------------

[insert date]	[insert amount]
---------------	-----------------

[insert date]	[insert amount]
---------------	-----------------

[Maturity Date]	All outstanding Covered Bonds not previously redeemed]
-----------------	--

28. Redenomination provisions:

[Redenomination [not] applicable (If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms)]

29. Other final terms:

[Not Applicable/give details]

(When adding any other final terms consideration should be given as to whether such terms constitute "significant new

factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

DISTRIBUTION

- | | | | |
|-----|------|-----------------------------------|--|
| 30. | (i) | If syndicated, names of Managers: | [Not Applicable/ <i>give names</i>] |
| | (ii) | Stabilising Manager(s) (if any) | [Not Applicable/ <i>give name</i>] |
| 31. | | If non-syndicated, name of Dealer | [Not Applicable/ <i>give name</i>] |
| 32. | | U.S. Selling Restrictions | [Reg. S Compliance Category] |
| 33. | | Additional selling restrictions | [Not Applicable/ <i>give details</i>] |

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [the regulated market of the London Stock Exchange/specify *other regulated market*] of the Covered Bonds described herein] pursuant to the Euro 10,000,000,000 Covered Bond Programme of Unione di Banche Italiane S.c.p.a.

RESPONSIBILITY

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

Signed on behalf of Unione di Banche Italiane S.c.p.a.

By:
Duly authorised

Signed on behalf of UBI Finance S.r.l.

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing [London/(*specify other*)/None]
- (ii) Admission to trading [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the London Stock Exchange/*specify other regulated market*] with effect from [•]] [Not Applicable.]
- (Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*

2. RATINGS

Ratings: The Covered Bonds to be issued may or may not have been assigned any of the following ratings:

[Moody's Investors Service Ltd.: [•]]

[Fitch Ratings Limited: [•]]

[*full legal name of other rating agencies*]: [•]]

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 Regulation (EU) No 1060/2009 ("CRA Regulation") unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

[Moody's Investors Service Ltd.] / [Fitch Ratings Limited] / [*Insert full legal name of other rating agencies*] are established in the European Union and have applied for registration under CRA Regulation, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

(Insert one (or more) of the following options, as applicable:)

[*(Insert full legal name of credit rating agency/ies)* [is]/[are] established in the European Union and registered under CRA Regulation.]

[*(Insert full legal name of credit rating agency/ies)* [is]/[are] not established in the European Union and [has]/[have] not applied for registration under CRA Regulation.]

[*(Insert full legal name of credit rating agency/ies)* [is]/[are] not established in the European Union and [has]/[have] not applied for registration under CRA Regulation, but the ratings given to the Covered Bonds by (*insert full legal name of credit rating agency/ies*) are endorsed by (*insert full legal name of credit rating agency/ies*) which [is]/[are] established in the European Union and [has]/[have] applied for registration under CRA Regulation.]

[*(Insert full legal name of credit rating agency/ies)* [is]/[are] not established in the European Union and [has]/[have] not applied for registration under CRA Regulation, but [is]/[are]

certified under CRA Regulation.]

[Not applicable (if not rated).]

(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

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

"Save as discussed in ["*Subscription and Sale*"], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer."

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

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

[(i) Reasons for the offer [•]

(See ["Use of Proceeds"] wording in Prospectus – if reasons for offer different from making profit and/ or hedging certain risks will need to include those reasons here.)

[(ii) Estimated net proceeds: [•]

[(iii) Estimated total expenses: [•]

[Include breakdown of expenses]

(If the Covered Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. **[Fixed Rate Covered Bonds only – YIELD]**

Indication of yield: [•]

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

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. **[Floating Rate Covered Bonds only – HISTORIC INTEREST RATES]**

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

7. **[Index-Linked or Other Variable-Linked Covered Bonds only – PERFORMANCE OF INDEX/ FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING]**

(Need to include:

(i) *details of the exercise price or the final reference price of the underlying;*

- (ii) *details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident;*
- (iii) *description of any market disruption or settlement disruption events that affect the underlying;*
- (iv) *adjustment rules in relation to events concerning the underlying;*
- (v) *where the underlying is a security, the name of the issuer of the security and its ISIN or other such security identification code;*
- (vi) *where the underlying is an index, the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer, details of where the information about the index can be obtained;*
- (vii) *where the underlying is not an index, equivalent information;*
- (viii) *where the underlying is an interest rate, a description of the interest rate;*
- (ix) *where the underlying is a basket of underlyings, disclosure of the relevant weightings of each underlying in the basket; and*
- (x) *any other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.)*

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer [intends to provide post issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post issuance information].]

8. **[Dual Currency Covered Bonds only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT**

(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.)

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)]

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

Any Relevant Clearing System(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and Specified Offices of additional [•]
[•] paying agent(s) (if any):

USE OF PROCEEDS

The net proceeds of the sale of the Covered Bonds will be used by the Issuer for general funding purposes of the UBI Group. If in respect of any particular issue there is a particular identified use of proceeds, it will be stated in the applicable Final Terms.

THE ISSUER

UBI Banca and the UBI Banca Group

Unione di Banche Italiane S.c.p.a. ("**UBI Banca**") is the entity resulting from the merger by incorporation of Banca Lombarda e Piemontese S.p.A. ("**Banca Lombarda**") into Banche Popolari Unite S.c.p.a. ("**BPU**") (the "**Merger**"). The Merger became legally effective on 1 April 2007, with the surviving entity, BPU, changing its name to UBI Banca. UBI Banca is the parent company of the UBI Banca Group (the "**UBI Banca Group**").

The Head Office and General Management of UBI Banca are located in Piazza Vittorio Veneto 8, 24122 Bergamo (Italy) and the telephone number is +39 035392111. UBI Banca's fiscal code, VAT number and registration number in the Company Registry of Bergamo is 03053920165. UBI Banca is registered under number 5678 in the Bank of Italy's Bank Registry and under number 3111.2 in the Bank of Italy's Banking Groups' Registry. The duration of UBI Banca's corporate life is until 31 December 2100, but may be extended.

The UBI Banca Group

UBI Banca, the Parent Bank of the Group, is a company listed on the Italian Stock Exchange, included in the FTSE MIB index. The UBI Banca Group has adopted a federal organisational model, multifunctional and integrated, where UBI Banca, as parent company, centralises the governance, control, coordination and support functions

The consolidated figures of UBI Banca as at 31 December 2010 were as follows:

- a domestic network of 1,892 branches (the fifth largest network in Italy with a domestic market share of approximately 6 per cent.);
- 19,699 employees actually in service ("Dipendenti effettivi in servizio");
- approximately 4 million customers;
- direct funding from customers of Euro 106.8 billion (the fourth largest bank in Italy, ranking first among the co-operative banks);
- loans to customers of Euro 101.8 billion (ranking fourth in Italy and first among Italian co-operative banks);
- total assets of approximately Euro 130.6 billion (ranking fifth in Italy and second among Italian co-operative banks) and
- sound capital ratios: Core Tier 1 of 6.95 per cent., Tier1 of 7.47 per cent., Total Capital ratio of 11.17 per cent.

In terms of distribution structure, the UBI Banca Group has (market shares as at September 2010):

- a strong presence in some of the wealthiest regions of Italy, namely Lombardy (12.9 per cent. market share), Piedmont (8.4 per cent. market share) and Marche (8.7 per cent. market share);
- leadership in the reference provinces: Bergamo (20.9 per cent. market share), Brescia (22.8 per cent. market share), Varese (23.7 per cent. market share) and Cuneo (24.5 per cent. market share);
- a market share greater than 10 per cent. in 19 provinces: aside from the four provinces indicated above, Pavia, Alessandria, La Spezia, Viterbo, Ancona, Fermo, Matera, Potenza, Catanzaro, Cosenza, Crotone, Reggio Calabria, Vibo Valentia, Brindisi, Bari and a significant presence in the provinces of Milan (9.1 per cent. market share) and of Rome (4.0 per cent. market share).

The Parent Bank— UBI Banca S.c.p.A.

The UBI Banca performs the following activities within the UBI Banca Group:

- management, co-ordination and control by setting Group policies, formulating the Group business model and drawing up the budget and consolidated Business Plan. It also performs risk management activities for the individual business areas of the Group;
- control of business functions and support of the activities of network banks and product companies in their core business, with supervision of both markets and customer segments. UBI Banca ensures that business initiatives and commercial policies are consistent, co-ordinates the development and management of the range of products and services, manages group finances centrally and supervises the lending policies of the UBI Banca Group; and
- the provision, whether directly or through subsidiaries, of business support services, with the aim of facilitating business growth and providing effective customer service by optimising operating costs through economies of scale and ensuring that service levels meet the highest industry standards.

UBI Banca also perform its commercial activity through 2 branches, in Bergamo and Brescia.

The Network Banks

Management is of the view that local presence guarantees more accurate interpretation of trends on the ground, faster decision-making and encourages and improves customer loyalty and the management of credit risk. The network banks operate in their original local markets with the objective of consolidating and broadening customer relations and maximising the economic value and the quality of the services they provide at local level. In 2010 a number of actions were taken with the primary purpose of strengthening the relationship of network banks with their local markets and subsequently to streamline the distribution network of those banks with a view to achieving an enhanced market presence and a significant reduction in costs: intragroup transfers involved 316 branches and, at the same time, 37 Group branches, both existing branches and those resulting from transfers, were transformed into mini-branches; furthermore, in accordance with the trade union agreement of 20th May 2010, in June 2010 81 branches were closed and 101 branches were transformed into mini-branches.

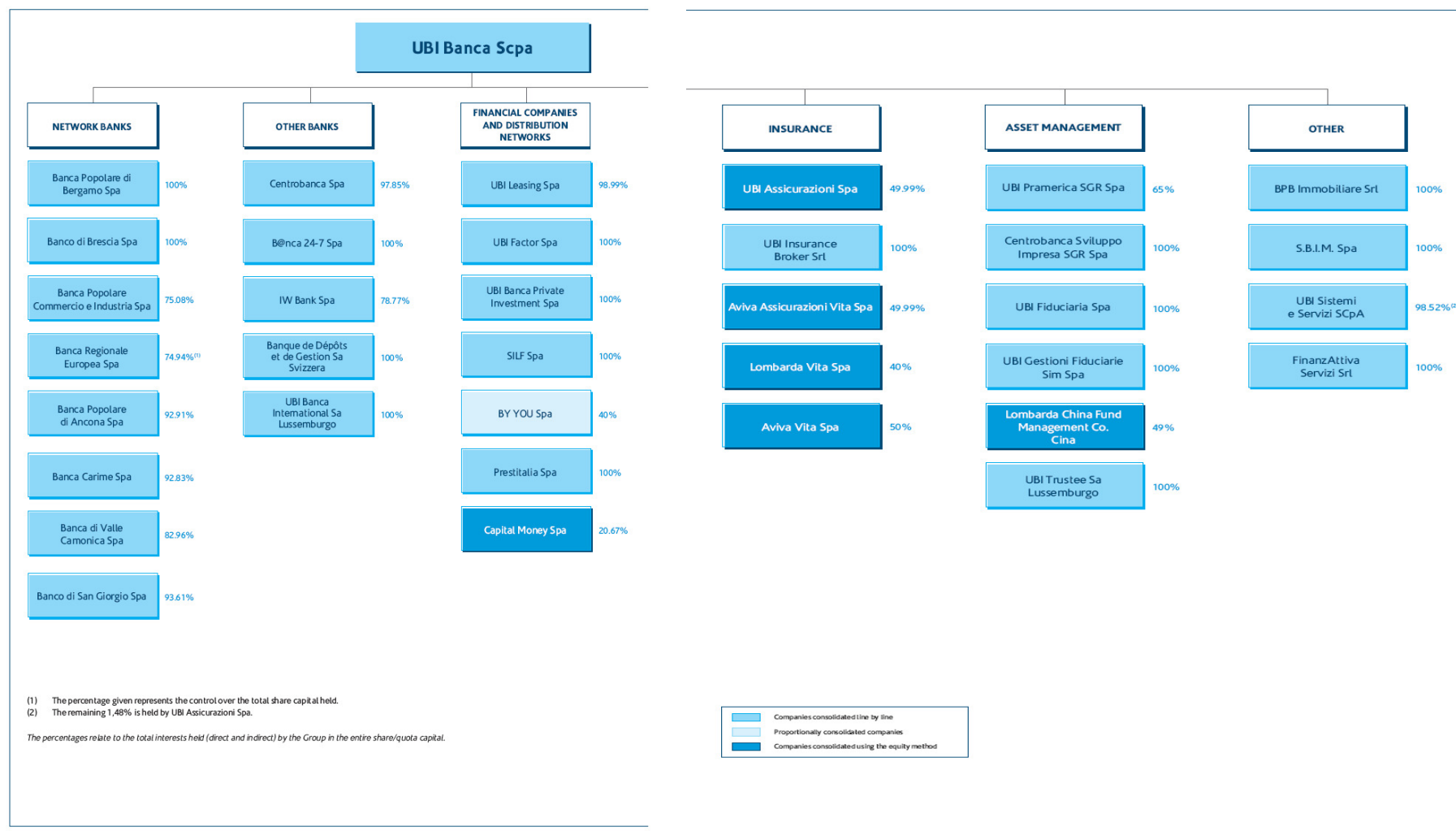
The network banks are divisionalized (retail, corporate and private) and their customer base is segmented to allow specific service models to be employed for each customer segment (Mass Market, Affluent, Private, *Po* -*Piccoli Operatori Economici*, Small Economic Operators -, Small Business, Low, Mid and Large Corporate).

The network banks use services and instruments (e.g. Custmore Relationship Management), and offer services and products, made available by UBI Banca and the product companies.

Product Companies

- The product companies' role is to optimise the quality, breadth of range and value for money of their products and services, concentrating and rationalising the specialist expertise of the UBI Banca Group. Thanks to the contribution of the two original Groups, UBI Banca is now active, through its product companies, in a number of different specialist sectors, namely asset management, life and non-life bancassurance, consumer finance, leasing, factoring, corporate banking and online trading.

Structure of the UBI Banca Group: main subsidiaries as at 31 March 2011



UBI Banca Group Companies and Operations

The UBI Banca Group is fully integrated at organisational, commercial and financial levels. The UBI Banca Group structure may be summarised as follows:

- (a) UBI Banca, which is the parent company of the UBI Banca Group
 - (b) nine network banks, namely:
 - (i) Banca Popolare di Bergamo S.p.A., with headquarters and administrative offices in Bergamo;
 - (ii) Banco di Brescia S.p.A., with headquarters and administrative offices in Brescia;
 - (iii) Banca Popolare Commercio e Industria S.p.A., with headquarters and administrative offices in Milan;
 - (iv) Banca Regionale Europea S.p.A., with registered office in Cuneo, and general management and the administrative offices in Turin;
 - (v) Banca Popolare di Ancona S.p.A. with headquarters and administrative offices in Jesi;
 - (vi) Banca Carime S.p.A., with headquarters and administrative offices in Cosenza;
 - (vii) Banca di Valle Camonica S.p.A., with headquarters and administrative offices in Breno; and
 - (viii) Banco di San Giorgio S.p.A., with headquarters and administrative offices in Genova.
- These network banks are all deeply rooted in their respective local markets and are focused on the development of commercial and lending activities with a client base consisting mainly of retail customers and small and medium sized businesses;
- (ix) a banking network of private bankers and financial advisers, UBI Banca Private Investment S.p.A., based in Brescia;
 - (c) a corporate bank, Centrobanca S.p.A., based in Milan;
 - (d) an on line trading Bank, IW Bank S.p.A., based in Milan;
 - (e) various product companies operating mainly in the areas of asset management, bancassurance (life and non-life), consumer finance, factoring and leasing;
 - (f) a consortium company, UBI Sistemi e Servizi S.p.A., based in Brescia, providing services and products to the other group's companies; and
 - (g) various service companies.

The UBI Banca Group also has an international presence through:

- (i) two foreign banks, Banque de Dépôts et de Gestion Sa (with three branches in Switzerland and a "financial advisory company" in Singapore) and UBI Banca International Sa (with headquarters in Luxembourg, branches in Munich and Madrid);
- (ii) three foreign branches in France (at Nice, Menton and Antibes of Banca Regionale Europea);
- (iii) representative offices in San Paolo of Brazil, Hong Kong, Mumbai, Shanghai and Moscow;
- (iv) equity investments (mainly controlling interests) in four foreign companies: in addition to BDG Singapore Private Ltd., already mentioned, also in Lombarda China Fund Management Co., UBI Trustee Sa (Luxembourg) and UBI Management Co. Sa; and
- (v) one Branch of UBI Factor Spa in Krakow in Poland.

Banking Activities

The financial information hereafter provided is extracted from the financial statements under IFRS as at 31 December 2010, compared to 31 December 2009.

Network banks

Please see the "Sellers" section.

Corporate Banking

Centrobanca S.p.A. ("Centrobanca")

Centrobanca is the corporate and investment bank of the Group. The UBI Banca Group holds 97.85 per cent of its capital (92.38 per cent. held by UBI Banca and 5.47 per cent by BPA).

As at 31 December 2010, Centrobanca had loans to customers totalling approximately Euro 7 billion, with a ratio of net non-performing loans to total net loans of 1.16 per cent. and of net impaired loans to total net loans of 2.07 per cent.. Shareholders' equity as at the same date (excluding profit for the period) amounted to Euro 577.1 million. As at 31 December 2010, Centrobanca had 325 employees actually in service ("*Dipendenti effettivi in servizio*") and 6 branches. Net profit for 2010 was Euro 16 million.

Mr. Massimo Capuano was appointed as Chief Financial Officer of Centrobanca with effect from April 2011: the company mission will focus on further developing operations with its corporate clients with an increased focus on those of small to medium-size, and more specifically in the form of assistance in gaining access to capital and debt markets, of advisory services and project financing.

Asset Management

UBI Pramerica Sgr S.p.A. ("**UBI Pramerica**"), the asset management company of the Group, is a joint venture between UBI Banca and Prudential International Investments Corporation., USA ("**Prudential**"), with 65 per cent. of its capital held by the UBI Banca Group and 35 per cent held by Prudential.

UBI Pramerica offers a wide range of products, from mutual funds to discretionary asset management.

Total assets under management of UBI Pramerica relating to ordinary customers totalled Euro 25 billion and the company's net profit for the year amounted to Euro 38.5 million.

In 2010 UBI Pramerica also completed the reorganisation of the Group's asset management activities, designed to simplify the management and structure of operations and generally contain costs.

- the merger of Capitalgest Alternative Investments SGR Spa and UBI Pramerica Alternative Investments SGR Spa into UBI Pramerica SGR Spa became effective from 1st July 2010;
- on August 2010, the transfer to UBI Pramerica was performed of the entire interest in UBI Management Company Sa held by UBI Banca Private Investment (99%) and by UBI Banca International (1%).

Furthermore, following the conclusion of the agreement for the disposal of depository banking operations, from 31st May 2010 the assets previously administered by the Parent UBI Banca relating to the management of mutual funds by UBI Pramerica were transferred to RBC Dexia Investor Services.

Mr. Andrea Pennacchia was appointed as General Manager of the company with effect from 1st March 2011 while Mr. Diego Cavrioli, former General Manager, was appointed as Head of Group's Finance Department.

Bancassurance

The UBI Banca Group has both life and non-life insurance companies which distribute through the banking channels of the Group.

- As concerns the non-life Bancassurance sector UBI Banca holds 50% - 1 share in UBI Assicurazioni (a joint venture with Fortis and BNP Paribas Assurance). The company registered a 2,2 million euro loss in 2010.

Moreover, the Group distributes products of three companies active in the sector of life bancassurance: Aviva Assicurazioni Vita S.p.A. (49.99 per cent. held by UBI Banca and the remaining part by Aviva S.p.A.), Aviva Vita S.p.A. (currently owned 50 per cent. by Aviva S.p.A. and the remaining part by UBI Banca) and Lombarda Vita S.p.A. (currently owned by 50.1 per cent by Cattolica Assicurazioni and 49.9 per cent by UBI Banca). These companies in 2010 recorded net profits respectively amounting to 1.5 million euro, 2 million euro and 14.3 million euro.

Leasing

The Group presently offers leasing products through UBI Leasing S.p.A. UBI Leasing is 98.99 per cent controlled by UBI Banca.

As at 31 December 2010 UBI Leasing had total outstanding loans amounting to Euro 9.7 billion and reported net loss of Euro 20.6 million.

Factoring

UBI Factor S.p.A. is wholly owned by UBI Banca. As at 31 December 2010 the company had outstanding loans amounting to Euro 2.7 billion and a net profit of Euro 18.6 million.

UBI Banca's Management and Supervisory Bodies

UBI Banca has adopted a "dual" governance system.

The dual governance system consists of a Supervisory Board and a Management Board; the Shareholders' Meeting appoints the Supervisory Board, which then appoints the Management Board.

The Supervisory Board is in charge of setting the strategic guidelines and of controlling the management of the company. It approves the financial statements of UBI Banca and the consolidated financial statements of the Group prepared by the Management Board.

The Management Board has exclusive responsibility for the management of the company and for performing all those operations necessary for implementing the business purpose of the company in compliance with the general strategies and plans drawn up by the Supervisory Board.

Supervisory Board

According to Article 44 of UBI Banca's Articles of Association, the **Supervisory Board** is composed of 23 members with a three-year term of office and is elected on a list basis from amongst registered shareholders with voting rights. All its members must possess the qualities of integrity, professionalism and independence required by the legislation currently in force and at least three of them must be chosen from among persons enrolled in the *Registro dei Revisori Contabili* (register of auditors) who have practised as legal certifiers of accounts for a period of not less than three-years.

The actual Supervisory Board of UBI Banca is composed as follows:

Name	Position	Principal activities performed outside the UBI Banca Group
Corrado Faissola	Chairman	Chairman of ABI Servizi S.p.A. Chairman of Bancaria Immobiliare S.p.A. Member of the Board of Vetta SS
Giuseppe Calvi	Senior Deputy Chairman	Member of the Board of Mazzoleni Industriale Commerciale S.p.A., Porta Sud S.p.A
Alberto Folonari	Deputy Chairman	Chairman of the Board of Mercury S.p.A. and Fingiana S.p.A. Member of the Board of Editoriale Bresciana S.p.A., Centro Stampa Quotidiani S.p.A., Numerica

Name	Position	Principal activities performed outside the UBI Banca Group
		Pubblicità S.r.l., Numerica S.r.l.
Mario Mazzoleni	Deputy Chairman	Chairman of Mazzoleni S.p.A. Member of the Board and attorney of Mazzoleni Commerciale S.p.A. General attorney of Mazzoleni Trafilerie Bergamasche S.p.A.
Battista Albertani	Board Member	Chairman of the Board of Inder S.p.A., Arch Legno S.p.A., Tecsol S.p.A., Finanziaria di Valle Camonica S.p.A., Calisio S.p.A., Inbre S.p.A., Iniziative Urbane S.r.l., Nuovi Assetti Urbani S.p.A. Member of the Board of Azienda Elettrica di Valle Camonica S.r.l., Iris 2002 S.r.l.
Giovanni Bazoli	Board Member	Chairman of the Supervisory Board of Intesa Sanpaolo S.p.A. Chairman of the Board of Mittel S.p.A. Deputy Chairman of Editrice La Scuola S.p.A. Member of the Board of RCS Quotidiani S.p.A.
Luigi Bellini	Board Member	Chairman of the Board of Nationale Suisse-Compagnia Italiana di Assicurazioni S.p.A., Nationale Suisse Vita S.p.A., Agricola Gualdo Tadino S.r.l. Member of the Board of Bonetti S.p.A. and Moulin Finance S.r.l. and sole administrator of Innocenzo S.r.l.
Mario Cattaneo	Board Member	Chairman of the Board of Euromobiliare Asset Management Sgr S.p.A. Member of the Board of Banca Sella Holding Banca S.p.A., Bracco S.p.A., Luxottica Group S.p.A. Chairman of the Board of Statutory Auditors of: Sara Assicurazioni S.p.A., SIA SSB S.p.A., Italiana Assicurazioni S.p.A., Sara Immobili S.p.A. Member of the Board of Statutory Auditors of Michelin Italiana S.A.M.I. S.p.A.
Silvia Fidanza	Board Member	Receiver of Team Inblu S.r.l. in liquidation General attorney of Condor Trade s.r.l.
Enio Fontana	Board Member	CEO of Bulloneria Briantea S.p.A., Fontana Finanziaria S.p.A., Fontana Luigi S.p.A., I.B.S. S.r.l., Mec Bolt S.p.A. Chairman of the Board of Lobo France S.a.s., Bulloneria Galvani S.r.l., Fontana USA Inc., Fontana sas, Bulloneria Barge S.p.A., G.F.D. S.a.s., Fontana

Name	Position	Principal activities performed outside the UBI Banca Group
		<p>Fasteners UK, Fontana Fasteners Mexico SA, Associazioni Paolo Zorzi per le neuroscienze ONLUS per l'Istituto Carlo Besta di Milano</p> <p>Deputy Chairman of European Industrial Fasteners Institute</p> <p>Sole administrator of Nuova Eurodadi S.r.l., Soleasing S.r.l.</p> <p>Member of the Board of Fontana gmbh, Invitea S.p.A., Sofind International Holding bv, Sofind SA., Fire S.p.A., Fontana R.D. S.r.l., Fontana Fasteners S.r.l., Fontana Fasteners Iberica SA, Lobo S.p.A., Agenzia per la Cina S.r.l., Camera di Commercio Italo-Cinese, Editoriale U.P.I.V.E.B. S.r.l.</p> <p>General Partner: Loris Fontana e C. S.a.p.a.</p> <p>Member of the Committee: Finlombarda Gestioni SGR</p>
Carlo Garavaglia	Board Member	<p>Chairman of the Board of Elba Assicurazioni S.p.A., Eunomia S.p.A.</p> <p>Deputy Chairman of the Board of Nine S.p.A.</p> <p>Member of the Board of De Longhi S.p.A., AFV Acciaierie Beltrame S.p.A., Cordifin S.p.A., Beltrame Holding S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Comitalia Compagnia Fiduciaria S.p.A.</p> <p>Member of the Board of Statutory Auditors of Habitat S.p.A.</p>
Alfredo Gusmini	Board Member	No activities performed outside the UBI Banca Group
Pietro Gussalli Beretta	Board Member	<p>Chairman of the Board of Benelli USA corp., Humbert CTTS S.a.s., Beretta-Benelli Iberica S.a., Benelli USA Corporation</p> <p>Deputy Chairman of Beretta USA Corporation and Deputy Chairman and CEO of Beretta Holding S.p.A.</p> <p>CEO of Benelli Armi S.p.A., Arce Gestioni S.p.A.</p> <p>Member of the Board of Artic Freezing Docks S.p.A., Banco nazionale di prova per le armi da fuoco portatili e per le munizioni commerciali, Fabbrica d'Armi Pietro Beretta S.p.A., Land Finance Corp., Upifra Agricole SA, Upifra SA, Russian Eagle LLC</p>
Giuseppe Lucchini	Board Member	<p>Chairman of the Board of Lucchini RS S.p.A.</p> <p>Deputy Chairman and CEO of Sinpar S.p.A.</p> <p>Member of the Board of RCS Mediagroup S.p.A., Fondazione Lucchini, Beretta Holding S.r.l., TAD</p>

Name	Position	Principal activities performed outside the UBI Banca Group
Italo Lucchini	Board Member	Metals S.r.l.
		Chairman of the Board of Azienda Agricola Lodoletta S.r.l.
		Deputy Chairman of the Board of Italmobiliare S.p.A.
		Receiver of Sebino Sud S.p.A. in C.P., Sgata Italia S.p.A. in C.P., Immobiliare Ademar in C.P., Ileb S.r.l. in C.P. and appointed liquidator of Cementerie dell'Etiopia S.A. in liq.ne
		Member of the Board of Italcementi S.p.A., Ciments Français S.A.
Federico Manzoni	Board Member and Secretary	Chairman of the Board of Statutory Auditors of Bmw Italia S.p.A., Alphabet Italia S.p.A., Bmw Milano S.r.l., Bmw Financial Services Italia S.p.A., Bmw Roma S.r.l., Husqvarna Motorcycles S.r.l., Immobileffe S.p.A.
		Alternate Auditor of Fonderia di Torbole S.p.A.
		Chairman of the Board of Numerica S.r.l., Numerica Pubblicità S.r.l., IDS & Unitelm S.r.l., Mittel Investimenti Immobiliari S.r.l.
		Deputy Chairman of the Board of Kerigma Società Cooperativa Sociale S.c.r.l.
		Member of the Board of Inser S.p.A., Castello SGR S.p.A.
Toti S. Musumeci	Board Member	Chairman of the Board of Statutory Auditors of Arrigoni Battista S.p.A., Arrigoni Battista società agricola S.r.l., Dedalo Esco S.p.A, Informatica S.p.A – in liquidazione, MA.AR.AUTO S.p.A, Mesgo S.p.A, Seltering S.p.A in liquidazione
		Member of the Board of Statutory Auditors of Barabino & Partners S.p.A., Barabino Immobiliare S.r.l., Cattolica Previdenza S.p.A., Broseta Due S.r.l., Fidelitas Network S.r.l., Fidelitas S.p.A., Flow Meter S.p.A., Immobiliare Broseta S.r.l., Terme di Sirmione S.p.A.
		Chairman of the Board of Aviva Vita S.p.A.
Sergio Orlandi	Board Member	Member of the Board of Aviva Assicurazioni Vita S.p.A, SanLorenzo S.p.A
		Member of the Supervisory Board of Euroschor Società par Action Simplifiè
		Member of the Board of Montefibre S.p.A, Sinterama S.p.A, Tintoria Lux S.p.A
		Administrator of Burgfrau snc dei f.lli Orlandi & c.

Name	Position	Principal activities performed outside the UBI Banca Group
		and Immobiliare Reseda di Edda Fedrizzi & c. S.a.s.
Alessandro Pedersoli	Board Member	Member of the Board of Effe 2005 Gruppo Feltrinelli S.p.A, Assicurazioni Generali S.p.A.
Giorgio Perolari	Board Member	Chairman of the Board and CEO of Perofil S.p.A. Member of the Board of Italmobiliare S.p.A. Deputy Chairman of Immobiliare Albenza S.p.A.
Sergio Pivato	Board Member	Chairman of the Board of Statutory Auditors of Freni Brembo S.p.A., Reno de Medici S.p.A., SMA S.p.A., Società Editoriale Vita S.p.A.
Roberto Sestini	Board Member	Chairman of the Board of Bergamo Fiera Nuova S.p.A, Servitec Servizi per l'Innovaz. Tecnol. della Provincia di Bergamo S.r.l., Compressione Gas Tecnici s. cons. a r.l., Esa S.r.l., Flow fin - S.p.A., Samac Società Azionaria Miniere Anidride Carbonica S.p.A., Siad Macchine Impianti S.p.A., Società Italiana Acetilene & Derivati SIAD S.p.A., Siad Servizi S.r.l., Siad Romania S.r.l. Deputy Chairman of the Agenzia per le Relazioni Economiche Industriali e Commerciali con la Cina S.r.l , Rs Servizi s. cons.a r.l. Member of the Board of Rivoira S.p.A., Tecnodal S.p.A., Carbitalia S.p.A. Sole administrator of Sefin S.p.A, TRE-F S.r.l.
Giuseppe Zannoni	Board Member	Member of the Board of Azienda agricola Azzurra di Zannoni & C. s.s., Rallen Pty Sud Africa, Ceramic Industries Pty Sud Africa, ABC Assicura S.p.A. Sole director: Agorà S.a.s. di Giuseppe Zannoni e C.

The business address of the Supervisory Board is the Issuer's registered office at Piazza Vittorio Veneto 8, 24122 Bergamo.

The present Supervisory Board has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca as at and for the year ending 31 December 2012.

The Supervisory Board also established from among its members the three committees provided for under the Articles of Association:

- the Appointments Committee, with the responsibility for selecting and proposing appointments to the Supervisory Board;
- the Remuneration Committee, with responsibility for proposing and consulting on remuneration in accordance with applicable law and the Articles of Association; and
- the Internal Audit Committee, with responsibility for proposing, consulting and enquiring on matters attributed to the Supervisory Board regarding internal controls, risk management and the ICT and accounting system.

The Supervisory Board has also established from amongst its members an Accounting Committee, which supports with proposal and consultation functions the Supervisory Board in relation to issues concerning the individual and consolidated Annual Reports and the interim reports.

The Supervisory Board also set up an internal “Related Parties Committee”, made up of 3 members, who are required to perform the functions assigned to the same by the “Regulations for the discipline of UBI Banca S.c.p.A. related-party transactions”, in compliance with the provisions envisaged by the Consob Regulation concerning related parties adopted by means of Resolution n. 17221/2010.

Management Board

The Management Board is composed by a minimum of 7 to a maximum of 11 members elected with a three-years mandate from amongst registered shareholders with voting rights by the Supervisory Board, on the proposal of the Appointments Committee. The Supervisory Board also appoints the Chairman and the Deputy Chairman of the Management Board. The Management Board appoints the Chief Executive Officer from among its members, upon proposal of the Supervisory Board, heard the Appointments Committee.

The members of the Management Board must be in possession of the qualities of integrity and professionalism and any other requirement prescribed by regulations currently in force. The majority of them must have at least a total of three-years experience in management and/or professional activities in financial and/or securities and/or banking and/or insurance companies in Italy or abroad and at least one of them must possess the requirements of independence stated in the consolidated law on finance. The Management Board, which meets at least once a month, is responsible for the management of the company in observance of the general strategic policies and programmes approved by the Supervisory Board.

The main powers of the Management Board are as follows:

- the definition of the general programmes and strategic policies and the drawing up of the industrial and/or financial plans of the Bank and the Group to be submitted to the approval of the Supervisory Board;
- the appointment and dismissal of the General Management and the definition of its functions and responsibilities, and also the appointment of the senior management of the Group;
- the preparation of the draft Individual Company Financial Statements and of the draft Consolidated Financial Statements.

The Management Board is currently composed by:

Name	Position	Principal activities performed outside the UBI Banca Group
Emilio Zanetti	Chairman	Chairman of the Board of Immobiliare Albenza S.p.A. Deputy Chairman of the Board of Sacbo S.p.A. Member of the Board of Italcementi S.p.A.
Flavio Pizzini	Deputy Chairman	Chairman of the Board of Statutory Auditors of Mittel Generale Investimenti S.p.A, Prisma S.r.l. Member of the Board of Statutory Auditors of Mittel S.p.A., Fondazione Cariplo, I.T.L. S.p.A. Alternate Auditor of Terna Rete Elettrica Nazionale S.p.A. Member of the Board of NOVARADIO S.r.l.
Victor Massiah	CEO	Member of the Board of Istituto Centrale delle Banche Popolari Italiane S.p.A.

Name	Position	Principal activities performed outside the UBI Banca Group
Giampiero Auletta Armenise	Board Member	Chairman of the Board of Mistralfin S.p.A Member of the Board of ABI Associazione Bancaria Italiana
Giuseppe Camadini	Board Member	Chairman of the Board of ISA – Istituto di Sviluppo Atesino S.p.A., Opera per l'Educazione Cristiana di Brescia, Fondazione Camunitas, Fondazione Giuseppe Tovini di Brescia Deputy Chairman of the Board of Edizioni Studium S.p.A., Editrice “La Scuola” S.p.A. Member of the Board and of the executive committee of Società Cattolica di Assicurazione S.c.r.l. Member of the board of San Giuseppe S.p.A., Università Cattolica del Sacro Cuore, Fondazione Paola di Rosa ONLUS, Fondazione Alma Tovini Domus Member of the committee of Fondazione Cattolica Assicurazioni, Istituto “Giuseppe Toniolo” di Milano
Mario Cera	Board Member	Chairman of Museo Poldi Pezzoli Member of the Board of Fiducialis S.r.l.
Giorgio Frigeri	Board Member	Chairman of Ist. Diocesano per il sostentamento del clero Bergamo, The Sailor Fund Sicav Member of the Board of Banca Emilveneta S.p.A
Gian Luigi Gola	Board Member	Member of the Board of Consult Rev S.r.l., CRESAM S.c.r.l., Newspaper Milano S.r.l. Chairman of the Board of Statutory Auditors of F2i Reti Italia S.r.l. (F2i Axa), Caseificio Fiandino S.r.l., Alma S.p.A., Ente Scuola Edile, Consorzio di Pesca Valle Pesio Chairman of the Supervisory Board of Ial Cisl Piemonte Member of the Board of Statutory Auditors of Alma Tipografica S.r.l., Preve Costruzioni S.p.A., Sigit S.p.A., Istituto di Vigilanza Compiano S.r.l., Piemonte Volley S.r.l., Le Ghiande coop, Consorzio Krestotes Auditor of Arpa, Camera di Commercio di Biella Liquidation Trustee: CTS, CSA soc. coop. servizi alessandrina.
Guido Lupini	Board Member	No activities performed outside the UBI Banca Group
Andrea	Board Member	Chairman of the Board of Clinica Castelli S.p.A, Icro

Name	Position	Principal activities performed outside the UBI Banca Group
Moltrasio		<p>Didonè S.p.A</p> <p>CEO of Icro Coatings S.p.A</p> <p>Member of the Board of Rizzoli Corriere della Sera Mediagroup S.p.A</p>
Franco Polotti	Board Member	<p>Chairman of the Board of O.R.I Martin S.p.A., Interim Interventi Immobiliari e Mobiliari S.r.l., Fondazione Tassara</p> <p>Member of the Board of F.B.G. di Polotti Franco EC. S.N.C.</p> <p>Deputy Chairman of the Board of Mar.Bea S.r.l.</p> <p>CEO of Trafilati Martin S.p.A.</p> <p>Member of the Board of Immobiliare Broseta S.r.l., Broseta Due S.r.l., Opera per l'Educazione Cristiana, Fondazione Banca San Paolo, Fondazione Operare, Associazione Arte e Spiritualità</p>

The business address of the Management Board is the Issuer's registered office at Piazza Vittorio Veneto 8, 24122 Bergamo.

The present Management Board has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca as at and for the year ending 31 December 2012.

General Management

Name	Position
Graziano Caldiani	General Manager
Rossella Leidi	Deputy General Manager
Giovanno Lupinacci.....	Deputy General Manager
Ettore Medda	Deputy General Manager
Pierangelo Rigamonti.....	Deputy General Manager

Conflicts of Interest

There are no potential conflicts of interest between the members of the Supervisory Board and the Management Board and their private interests or other duties.

Significant Legal Proceedings

The UBI Banca Group is subject to certain claims and is party to a number of legal proceedings relating to the normal course of its business. Although it is difficult to predict the outcome of such claims and proceedings with certainty, UBI Banca believes that liabilities related to such claims and proceedings are unlikely to have, in the aggregate, significant effects on the financial position or profitability of UBI Banca or the UBI Banca Group.

Capital management initiatives

The Issuer's Industrial Plan

On 13th May 2011 the Management Board and the Supervisory Board of UBI Banca approved the Group Industrial Plan containing strategic guidelines and operating, financial and capital targets for the period 2011-2013/2015.

For further information on the Group Industrial Plan please refer to www.ubibanca.it.

The Issuer's resolution to increase its share capital

On 30th April 2011, in extraordinary session, the Shareholders' Meeting of UBI Banca passed a resolution pursuant to article 2443 of the Italian Civil Code to empower the Management Board, subject to authorisation from the Supervisory Board, to increase the share capital by an amount of up to €1 billion. The new shares to be issued pursuant to the share capital increase were offered on a pre-emptive basis to shareholders and holders of “UBI 2009/2013 convertibile con facoltà di rimborso in azioni” convertible bonds of UBI Banca.

Such resolution for the share capital increase arised from a review by UBI Banca of its capital situation in light of recent developments relating to the expected new capital adequacy requirements pursuant to the Basel III rules on capital eligibility, market trends and changes in the macro economic situation, together with the launch, in May 2011, of a new business plan by UBI Banca.

On 1st June 2011, the Bank's Board meetings decided to issue a maximum of 262,580,944 new ordinary shares with a par value of 2.50 euro each, of the same class as those in issue and with the same dividend entitlements, to be offered with pre-emptive rights to shareholders and to the holders of the convertible bonds “UBI 2009/2013 convertibile con facoltà di rimborso in azioni”, at a price of 3.808 euro per share, inclusive of a share premium of 1.308 euro, for a maximum nominal amount of 656,452,360 euro and for a total maximum amount (inclusive of the share premium) of 999,908,234.75 euro. The newly issued shares were offered at a ratio of 8 new shares for every 21 shares owned and/or every 21 “UBI 2009/2013 convertibile con facoltà di rimborso in azioni” convertible bonds owned.

The period for the exercise of option rights commenced on 6th June 2011 and closed on 24th June 2011: 636,120,051 option rights were exercised and therefore a total of 242,331,448 new shares were subscribed accounting for approx. 92.3% of the total shares offered, for a total amount of 922,798,154 euro.

At the end of the Offer Period, unexercised Rights amounted to 53,154,927, corresponding to a total of 20,249,496 Shares accounting for 7.7% of the Shares offered, for a total amount of 77,110,081 euro.

All the 53,154,927 unexercised rights remaining at the end of the offer period were sold on 4th July 2011 in the first session of the Stock Exchange Offer by UBI Banca through Mediobanca in accordance with article 2441, paragraph three of the Italian Civil Code. At the end of the Stock Exchange Offer, 5,706,984 Shares had been subscribed accounting for 2.17% of the total newly issued shares offered for a total amount of 21,732,195.07 euro.

Therefore 14,542,512 Shares were not subscribed accounting for 5.54% of the total newly issued shares offered for a total amount of 55,377,885.70 euro. These shares were subscribed by Mediobanca – Banca di Credito Finanziario S.p.A., Morgan Stanley, Barclays Capital, BNP Paribas, Citi, Deutsche Bank AG London Branch and ING, Crédit Agricole Corporate & Investment Bank, EQUITA S.I.M. S.p.A., HSBC, Intermonte, Natixis, Nomura International plc, Société Générale Corporate & Investment Banking and The Royal Bank of Scotland in accordance with the underwriting agreement signed on 1st June 2011.

Following that subscription of shares by the banks of the underwriting syndicate, the share capital increase has been fully subscribed for a total amount of 999,908,234.75 euro.

Warrants

The shareholders' meeting held on 9th May 2009 approved the issue by UBI Banca of 639,145,900 warrants (the UBI Banca 2009/2011 warrants) to be allotted free of charge to its shareholders on 18th May 2009, at a ratio of 1 warrant for every share held. The warrants give holders the right to subscribe ordinary shares of UBI Banca at an exchange ratio of 1 share for every 20 warrants after two years at a price of 12.30 Euro for each new share issued. Warrant Holders may exercise their Subscription Right for a period of 30 calendar days beginning on 1st June 2011 through 30 June 2011. Following the above mentioned capital increase operation, pursuant to the terms and conditions of the Warrants, the Exercise Price fell from 12.30 euro per UBI Banca share to 11.919 euro per UBI Banca share. 386,180 warrants were exercised and 19,309 ordinary shares were therefore issued.

The Issuer's share capital

Further to the share capital increase, as described in "The Issuer's resolution to increase its share capital" above, the exercise of option rights by the holders of the "UBI 2009/2013 convertibile con facoltà di rimborso in azioni" convertible bonds and the exercise of the UBI Banca 2009/2011 Warrants, as described in "Warrants" above,

UBI Banca's share capital, as notified to the Bergamo Company Register on 21st July 2011, amounted to EUR2,254,366,897.5, divided in 901,746,759 shares of EUR2.50 each.

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The following tables present:

- (i) the audited consolidated balance sheet and income statement information of the Group approved by the Issuer's Supervisory Board as at and for the year ended 31 December 2010,
- (ii) the audited annual balance sheet and income statement information of the Issuer approved by its Supervisory Board as at and for the year ended 31 December 2010, and
- (iii) the unaudited consolidated interim balance sheet and income statement information of the Issuer as at and for the three months ended 31 March 2011,

prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 (as amended from time to time) and related transitional regulations in Italy (IFRS). All figures are in thousand euro unless otherwise stated.

The information set out in the tables below should be read in conjunction with and is qualified in its entirety by reference to, the full financial statements referred to above, in each case together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus.

For further information on the share capital amount of the Issuer as a result of the share capital increase executed in July 2011, see *"The Issuer's resolution to increase its share capital"*, *"Warrants"* and *"The Issuer share capital"* under *"UBI Banca and the UBI Banca Group – Capital Management Initiatives"*.

UNIONE DI BANCHE ITALIANE S.C.P.A.

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

ASSETS		
<i>(Figures in thousands of euro)</i>	31.12.2010	31.12.2009
Cash and cash equivalents	609,040	683,845
Financial assets held for trading	2,732,751	1,575,764
Financial assets at fair value	147,286	173,727
Available-for-sale financial assets	10,252,619	6,386,257
Loans to banks	3,120,352	3,278,264
Loans to customers	101,814,829	98,007,252
Hedging derivatives	591,127	633,263
Fair value change in hedged financial assets	429,073	301,852
Equity investments	368,894	413,943
Property, equipment and investment property	2,112,664	2,106,835
Intangible assets	5,475,385	5,523,401
<i>of which:</i>		
- goodwill	4,416,660	4,401,911
Tax assets:	1,723,231	1,580,187
a) current	650,177	744,435
b) deferred	1,073,054	835,752
Non-current assets and disposal groups held for sale	8,429	126,419
Other assets	1,172,889	1,522,214
TOTAL ASSETS	130,558,569	122,313,223

UNIONE DI BANCHE ITALIANE S.C.P.A.

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY		
<i>(Figures in thousands of euro)</i>	31.12.2010	31.12.2009
Due to banks	5,383,977	5,324,434
Due to customers	58,666,157	52,864,961
Securities issued	48,093,888	44,349,444
Financial liabilities held for trading	954,423	855,387
Hedging derivatives	1,228,056	927,319
Tax liabilities:	993,389	1,210,867
a) current	441,433	558,997
b) deferred	551,956	651,870
Liabilities associated with activities under disposal	-	646,320
Other liabilities	2,600,165	3,085,006
Post employment benefits	393,163	414,272
Provisions for risks and charges:	303,572	285,623
a) pension and similar obligations	68,082	71,503
b) other provisions	235,490	214,120
Fair value reserves	(253,727)	235,043
Reserves	2,362,382	2,207,863
Share premiums	7,100,378	7,100,378
Share capital	1,597,865	1,597,865
Minority interests	962,760	938,342
Profit for the year	172,121	270,099
TOTAL LIABILITIES AND EQUITY	130,558,569	122,313,223

UNIONE DI BANCHE ITALIANE S.C.P.A.

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED INCOME STATEMENT

<i>Figures in thousands of euro</i>	31.12.2010	31.12.2009
Interest and similar income	3,525,312	4,213,948
Interest expense and similar	(1,378,714)	(1,718,320)
Net interest income	2,146,598	2,495,628
Commission income	1,378,117	1,329,184
Commission expense	(196,892)	(199,009)
Net commission income	1,181,225	1,130,175
Dividends and similar income	24,099	10,609
Net trading income (loss)	(56,891)	13,864
Net hedging income	67,209	15,960
Income/expense from disposal or repurchase of:	17,057	122,115
a) loans	(3,850)	(81)
b) available-for-sale financial assets	31,245	30,516
c) held-to-maturity investments	-	37,441
d) financial liabilities	(10,338)	54,239
Net income/expense on financial assets and liabilities at fair value	6,669	(25,151)
Gross income	3,385,966	3,763,200
Net impairment losses on:	(756,653)	(914,371)
a) loans	(706,932)	(865,211)
b) available-for-sale financial assets	(42,364)	(43,883)
d) other financial transactions	(7,357)	(5,277)
Net financial income	2,629,313	2,848,829
Net insurance premiums	-	169,176
Other income/expense of insurance operations	-	(149,127)
Net income from banking and insurance operations	2,629,313	2,868,878
Administrative expenses	(2,375,174)	(2,415,610)
a) personnel expenses	(1,451,584)	(1,477,200)
b) other administrative expenses	(923,590)	(938,410)
Net provisions for risks and charges	(27,209)	(36,932)
Net impairment losses on property, equipment and investment property	(109,838)	(117,408)
Net impairment losses on intangible assets	(130,500)	(150,770)
Other net operating income	239,430	235,042
Operating expenses	(2,403,291)	(2,485,678)
Profits (losses) of equity investments	99,027	35,578
Net impairment losses on goodwill	(5,172)	-
Profits (losses) on disposal of investments	14,458	100,099
Pre-tax profit (loss) from continuing operations	334,335	518,877
Taxes on income for the year from continuing operations	(231,980)	(236,885)
Post-tax profit (loss) from continuing operations	102,355	281,992
Post-tax profit (loss) from discontinued operations	83,368	5,155
Profit for year	185,723	287,147
Profit for the year attributable to minority interests	(13,602)	(17,048)
Profit for the year	172,121	270,099

UNIONE DI BANCHE ITALIANE S.C.P.A.

ANNUAL BALANCE SHEET

ASSETS <i>(Figures in euro)</i>	31.12.2010	31.12.2009
Cash and cash equivalents	195.060.106	215.834.809
Financial assets held for trading	3.143.191.440	1.857.483.753
Financial assets at fair value	147.285.903	173.726.637
Available-for-sale financial assets	8.698.209.093	4.919.281.521
Loans to banks	28.424.383.576	28.278.016.388
Loans to customers	14.536.120.881	12.560.060.343
Hedging derivatives	164.595.239	122.894.441
Equity investments	13.336.899.439	12.183.513.925
Property, equipment and investment property	624.906.782	652.815.865
Intangible assets	542.792.402	545.892.836
<i>of which:</i>		
- goodwill	521.244.521	521.244.521
Tax assets:	725.032.355	633.576.235
a) current	380.220.092	407.687.831
b) deferred	344.812.263	225.888.404
Non-current assets and disposal groups held for sale	6.022.891	658.462.654
Other assets	353.101.328	648.632.264
TOTAL ASSETS	70.897.601.435	63.450.191.671
LIABILITIES AND EQUITY <i>(Figures in euro)</i>	31.12.2010	31.12.2009
Due to banks	22.589.437.090	27.737.222.535
Due to customers	11.422.728.258	4.531.502.833
Securities issued	23.367.787.687	16.746.093.256
Financial liabilities held for trading	1.542.533.534	1.393.828.627
Hedging derivatives	599.874.209	379.598.430
Tax liabilities:	381.641.985	472.809.627
a) current	277.626.159	349.546.665
b) deferred	104.015.826	123.262.962
Liabilities associated with activities under disposal		646.319.590
Other liabilities	613.923.930	832.235.040
Post employment benefits	38.129.542	40.120.179
Provisions for risks and charges:	13.278.734	8.231.440
a) pension and similar obligations		
b) other provisions	13.278.734	8.231.440
Fair value reserves	(226.574.548)	198.011.355
Reserves	1.572.877.892	1.359.658.807
Share premiums	7.100.378.060	7.100.378.060
Share capital	1.597.864.755	1.597.864.755
Profit for the year	283.720.307	406.317.137
TOTAL LIABILITIES AND EQUITY	70.897.601.435	63.450.191.671

UNIONE DI BANCHE ITALIANE S.C.P.A.

ANNUAL INCOME STATEMENT

<i>Figures in euro</i>	31.12.2010	31.12.2009
Interest and similar income	805.570.868	979.474.913
Interest expense and similar	(893.005.683)	(1.088.446.368)
Net interest income	(87.434.815)	(108.971.455)
Commission income	30.055.158	37.825.576
Commission expense	(16.130.071)	(21.477.035)
Net commission income	13.925.087	16.348.541
Dividends and similar income	300.579.803	552.266.144
Net trading income (loss)	87.267.863	46.138.713
Net hedging income	17.665.773	7.177.775
Income/expense from disposal or repurchase of:	17.730.226	98.312.433
a) loans	(6.350)	(12)
b) available-for-sale financial assets	17.962.917	22.553.884
c) held-to-maturity investments		37.440.843
d) financial liabilities	(226.341)	38.317.718
Net income/expense on financial assets and liabilities at fair value	6.669.410	(25.151.268)
Gross income	356.403.347	586.120.883
Net impairment losses on:	(49.364.706)	(45.379.278)
a) loans	(50.631)	180.854
b) available-for-sale financial assets	(39.971.013)	(41.601.291)
d) other financial transactions	(9.343.062)	(3.958.841)
Net financial income	307.038.641	540.741.605
Administrative expenses	(247.254.078)	(250.188.118)
a) personnel expense	(130.591.255)	(127.379.441)
b) other administrative expenses	(116.662.823)	(122.808.677)
Net provisions for risks and charges	(2.046.037)	(2.787.832)
Net impairment losses on property, equipment and investment property	(26.352.055)	(29.217.298)
Net impairment losses on intangible assets	(3.100.434)	(3.632.148)
Other net operating income	108.722.960	122.828.022
Operating expenses	(170.029.644)	(162.997.374)
Profits (losses) of equity investments	62.127.392	29.720.186
Net impairment losses on goodwill		(11.455.092)
Profits (losses) on disposal of investments	5.533.138	572.244
Pre-tax profit (loss) from continuing operations	204.669.527	396.581.569
Taxes on income for the year from continuing operations	(4.316.911)	9.735.568
Post-tax profit (loss) from continuing operations	200.352.616	406.317.137
Post-tax profit (loss) from discontinued operations	83.367.691	-
Profit for the year	283.720.307	406.317.137

Defaulted and problem loans

The supervisory regulations of the Bank of Italy relating to problem loans identify the following categories:

- restructured loans (*crediti ristrutturati*);
- loans subject to country risk (*crediti soggetti a rischio paese*);
- impaired loans (*partite incagliate*);
- bad and doubtful loans (*crediti in sofferenza*); and
- loans past due (*esposizioni scadute e/o sconfinanti*).

Restructured loans

These are loans for which a bank (or a pool of banks) agrees to amend the original contractual terms and conditions, due to deterioration in the debtor's financial and economic conditions, giving rise to a loss.

Loans subject to country risk

"Country risk" relates to problems of solvency in countries where there are difficulties surrounding the service of debt. There are seven categories of risk. Italian banks must monitor the percentage of devaluation (0–15–20–25–30–40–60 per cent.) which has to be applied to loans in each of these categories which are not specifically guaranteed against political or economic risk. Italian banks must report monthly to the Bank of Italy on their positions for each country.

Impaired loans

Pursuant to guidelines established by the Bank of Italy, banks must classify a loan as an "impaired loan" if they determine that the borrower is experiencing financial or economic difficulties that are likely to be temporary.

Non-performing loans

Non performing loans are loans in relation to which the relevant borrower is in a state of insolvency (whether or not insolvency proceedings have been commenced). A subjective test is used by the relevant lending bank to determine whether the borrower is in a state of insolvency.

Loans past due

Loans past due include loans in respect of which repayment is in arrears:

- for more than 180 continuous days in the case of retail loans or public sector loans granted to subjects resident or having head office in Italy
- for more than 180 continuous days, up to 31.12.2011, in the case of corporate loans granted to subjects resident or having head office in Italy
- for more than 90 continuous days for other loans

for an amount equal or higher than 5 per cent. of the total exposure

The following table shows a breakdown of the Group's loans as at 31 December 2010.

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	7,465,062	7,14	(2,203,933)	5,261,129	5,17
Non-performing loans.....	3,780,973	3,62	(1,841,057)	1,939,916	1,91
Impaired loans.....	2,320,471	2,22	(287,557)	2,032,914	2,00
Restructured loans.....	889,070	0,85	(60,577)	828,493	0,81
Past due loans.....	474,548	0,45	(14,742)	459,806	0,45
Performing loans	97,073,520	92,86	(519,820)	96,553,700	94,83
<i>of which: Unguaranteed loans to countries at risk</i>	<i>13,880</i>	<i>0,00</i>	<i>(307)</i>	<i>13,573</i>	<i>0,00</i>
TOTAL	104,538,582	100,00	(2,723,753)	101,814,829	100,00

The following table shows a breakdown of the Group's loans as at 31 December 2009.

Loans to customers as at 31 December 2009 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	6,373,596	6,35	(1,841,362)	4,532,234	4,62
Non-performing loans.....	2,751,588	2,74	(1,419,012)	1,332,576	1,36
Impaired loans.....	2,208,369	2,20	(363,296)	1,845,073	1,88
Restructured loans.....	479,520	0,48	(40,785)	438,735	0,45
Past due loans.....	934,119	0,93	(18,269)	915,850	0,93
Performing loans	93,961,673	93,65	(486,655)	93,475,018	95,38

Loans to customers as at 31 December 2009			Total net	Net	
Figures in thousands of Euro	Gross	%	impairment	exposure	%
	exposure		losses		
<i>of which: Unguaranteed loans to countries at risk</i>	<i>1,784</i>	<i>0.0</i>	<i>(276)</i>	<i>1,508</i>	<i>0.0</i>
TOTAL	100,335,269	100.00	(2,328,017)	98,007,252	100.00

Funding (consolidated)

The following table presents the sources of the Groups' funding from customers as at 31 December 2010.

Direct funding from customers		
Figures in thousands of Euro	31.12.2010	%
Due to customers	58,666,157	55.0
Securities in issue.....	48,093,888	45.0
<i>of which: EMTN</i>	<i>11,158,751</i>	<i>10.5</i>
Total Direct Funding.....	106,760,045	100.0

Financial assets/liabilities of the Group

The book value of securities portfolios of the UBI Banca Group amounted to approx Euro 13 billion as at 31 December 2010. The securities portfolios have been classified into IFRS categories as follows:

Figures in thousands of Euro	31.12.2010
Financial assets held for trading.....	2,732,751
Financial assets at fair value	147,286
Available-for-sale financial assets	10,252,619
Held-to-maturity financial assets	-
TOTAL	13,132,656
Financial liabilities held for trading	954,423
Total net of financial liabilities	12,178,233

Net interbank position of the Group

As at 31 December 2010 the Group has a net interbank position negative by Euro 2,263.6 million.

Financial information for the quarter ended 31 March 2011

On 13 May 2011 the Management Board of UBI Banca approved the consolidated results for the first quarter of 2011, which ended with a profit of 64,6 million euro compared to 38,1 million euro achieved in the same period of 2010. The two results are comparable because no non-recurring items were recognised in either of the two quarters.

The information regarding the financial statement and the income statement of the Group presented below has been extracted from the interim financial report as at and for the period ended 31 March 2011 which was prepared according to IAS 34 – Interim Financial Statements - and has been incorporated by reference into this Prospectus.

The Interim financial report as at and for the period ended 31 March 2011 underwent a limited review by the Independent auditors which issued their without qualifications on 16 May 2011. Figures for the quarter ended 31 March 2010, presented in the table below for comparison purposes in the Interim financial report as at and for the period ended 31 March 2011, were not audited, nor subject to a limited review.

The Issuer makes use of the incorporation regime by means of reference to the document indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004.

UNIONE DI BANCHE ITALIANE S.C.P.A.
INTERIM CONSOLIDATED BALANCE SHEET

ASSETS	31.03.2011	31.03.2010
<i>(Figures in thousands of euro)</i>		
Cash and cash equivalents.....	569,052	637,113
Financial assets held for trading.....	1,613,809	1,990,806
Financial assets at fair value	474,114	159,658
Available-for-sale financial assets	10,252,511	7,123,883
Held-to-maturity investments.....	-	-
Loans to banks.....	4,510,008	2,996,834
Loans to customers	102,702,444	97,805,640
Hedging derivatives	351,398	743,946
Fair value change in hedged financial assets (+/-).....	194,086	450,741
Equity investments.....	378,196	419,289
Technical reserves of reinsurers	-	-
Property, equipment and investment property.....	2,086,769	2,087,323
Intangible assets.....	5,452,328	5,497,679
of which:		
- goodwill.....	4,416,659	4,401,911
Tax assets	1,704,774	1,616,739
(a) current	650,508	753,178
(b) deferred	1,054,266	863,561
Non-current assets and disposal groups held for sale	6,023	134,769
Other assets.....	2,442,098	2,351,971
TOTAL ASSETS.....	132,737,610	124,016,391

LIABILITIES AND EQUITY	31.03.2011	31.03.2010
<i>(Figures in thousands of euro)</i>		
Due to banks	7,332,517	4,612,141
Due to customers	56,144,592	52,754,329
Securities issued.....	48,678,875	45,670,177
Financial liabilities held for trading	1,040,163	948,995
Hedging derivatives	1,020,994	1,130,958
Tax liabilities	1,083,134	1,277,497
(a) current	527,710	671,742
(b) deferred	555,424	605,755
Liabilities associated with disposal groups held for sale	-	803,894
Other liabilities	4,606,189	3,859,410
Staff severance provisions	382,333	414,667
Provisions for risks and charges:.....	321,912	277,233
(a) pension and similar obligations	67,317	70,982
(b) other provisions.....	254,595	206,251
Technical reserves.....	-	-
Fair value reserves	(139,734)	142,490
Reserves.....	2,530,478	2,510,417
Share premiums	7,100,381	7,100,378
Share capital	1,597,865	1,597,865
Minority interests (+/-).....	973,302	877,815
Profit (loss) for the period (+/-).....	64,609	38,125
TOTAL LIABILITIES AND EQUITY	132,737,610	124,016,391

UNIONE DI BANCHE ITALIANE S.C.P.A.
INTERIM CONSOLIDATED INCOME STATEMENT

Figures in thousands of euro

	31.03.2011	31.03.2010
Interest and similar income	938,866	848,546
Interest expense and similar	(410,712)	(313,231)
Net interest income	528,154	535,315
Commission income	334,413	342,447
Commission expense	(43,094)	(50,801)
Net commission income	291,319	291,646
Dividends and similar income	2,110	1,375
Net trading income (loss)	13,755	(26,501)
Net hedging income (loss)	(6,066)	18,015
Income/expenses from disposal or repurchase of:	7,301	2,219
a) loans	152	(1,705)
b) available-for-sale financial assets	6,406	5,229
c) held-to-maturity investments	-	-
d) financial liabilities	743	(1,305)
Net income/expenses on financial assets and liabilities at fair value	(378)	(1,345)
Gross income	836,195	823,414
Net impairment losses on:	(107,007)	(131,244)
a) loans	(105,374)	(131,859)
b) available-for-sale financial assets	(1,600)	(329)
c) held-to-maturity investments	-	-
d) other financial transactions	(33)	944
Net financial operating income	729,188	692,170
Net insurance premiums	-	-
Other income/expenses of insurance operations	-	-
Net income from banking and insurance operations	729,188	692,170
Administrative expenses	(573,387)	(592,587)
a) personnel expenses	(364,727)	(371,032)
b) other administrative expenses	(208,660)	(221,555)
Net provisions for risks and charges	(10,419)	(2,215)
Net impairment losses on property, equipment and investment property	(27,353)	(28,142)
Net impairment losses on intangible assets	(30,837)	(31,288)
Other operating income/(expense)	57,698	59,156
Operating expenses	(584,298)	(595,076)
Profits (losses) of equity investments	4,755	5,141
Net impairment losses on goodwill	-	-
Profits (losses) on disposal of investments	95	(26)
Profit (loss) from continuing operations before tax	149,740	102,209
Taxes on income for the period from continuing operations	(76,918)	(59,858)
After tax profit (loss) from continuing operations	72,822	42,351
Profit (loss) after tax of discontinued operations	-	322
Profit (loss) for the period	72,822	42,673
Profit (loss) for the period attributable to minority interests	(8,213)	(4,548)
Profit (loss) for the period attributable to the shareholders of the Parent	64,609	38,125

THE GUARANTOR

Introduction

The Guarantor, UBI Finance S.r.l., is a limited liability company (*società a responsabilità limitata*) incorporated on 18 March 2008 under the laws of the Republic of Italy pursuant to the Securitisation and Covered Bonds Law, having its registered office at Foro Buonaparte 70, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 06132280964, enrolled under No. 40685 in the general register of financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, part of the Unione di Banche Italiane Group enrolled under No. 3111.2 with the register held by the Bank of Italy in accordance with article 64 of the Consolidated Banking Act. The Guarantor has no employees and no subsidiaries.

The Guarantor commenced operations following its entry into the Transaction Documents to which it is a party.

Principal Activities

The duration of the company is up to 31 December 2050 and may be extended. The sole purpose of the Guarantor under the objects clause in its by-laws is the ownership of the Covered Pool and the granting to, *inter alios*, the Covered Bondholders of the Covered Bond Guarantee.

Quota Capital

The outstanding capital of the Guarantor is Euro10.000, fully paid-up and divided into quotas as described below. The quotaholders of the Guarantor are as follows:

Quotaholder	Quota
Unione di Banche Italiane S.c.p.a.	€6,000 (60% of the capital)
Stichting Mara	€4,000 (40% of capital)

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Quotaholders' Agreement

Under the Quotaholders' Agreement, each Quotaholder has agreed and undertaken to and with each other and the Representative of the Covered Bondholders, for the period necessary in order to exercise the call option and the put option granted thereunder, to keep its quota free and clear of any liens, claims, burdens, encumbrances, security interests or any other rights of any third parties whatsoever and not to sell, charge, pledge or otherwise dispose in any manner whatsoever of its quota.

The Quotaholders' Agreement contains put and call options granted pursuant to article 1331 of the Italian Civil Code in respect of the entire quota of Mara Stichting in the Guarantor's quota capital. In detail, Stichting Mara has granted UBI Banca an option to purchase the whole of Stichting Mara's quota and UBI Banca has granted Stichting Mara an option to sell such quota, in each case at a price equal to the nominal value of the quota. In both cases, the option is exercisable exclusively from the later of the Expiry Date and the date falling five years after the Issue Date of the first Tranche of Covered Bonds issued under the Programme. Any purchase by UBI Banca may be effected either directly or through another company of the UBI Banca Group selected by UBI Banca.

Management

Board of Directors

The following table sets out certain information regarding the current members of the Board of Directors.

Name	Position	Principal activities performed outside the Guarantor
Renzo Parisotto	Chairman	—
Andrea Di Cola	Independent Director	Chartered accountant
Giuseppe Sciarrotta	Director	—

The business address of the Board of Directors is the Guarantor's registered office at Foro Buonaparte 70, 20121 Milan, Italy.

Board of Statutory Auditors

No Board of Statutory Auditors has currently been appointed.

Auditors

The current independent auditors of UBI Finance Srl are Deloitte & Touche S.p.A.

Conflict of Interest

There are no potential conflicts of interest between the duties of the directors and their private interests or other duties.

Financial Statements

The following tables set out non-consolidated balance sheet and income statement information relating to UBI Finance. The financial year of the Guarantor ends on 31 December of each calendar year. Such information is derived from the non-consolidated financial statements of UBI Finance as at and for the years ended 31 December 2010 and 31 December 2009. The financial statements of are prepared in accordance with IFRS.

Figures in Euros	31/12/2010	31/12/2009
Total assets	167,201	95,124
Net profit for the year	5	5

THE SELLERS

Banca Popolare di Bergamo S.p.A.

History and development

Banca Popolare di Bergamo S.p.A. ("**Banca Popolare di Bergamo**") was incorporated under the laws of Italy on 25 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare di Bergamo CV Srl (established in 1869) to the new Bank and the authorisation released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is at Piazza Vittorio Veneto 8, Bergamo, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Popolare di Bergamo is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare di Bergamo is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

The data of the comparison period is not consistent due to the territorial optimisation operation (please see, under the section "*The Issuer*", "*The Networks Banks*" above).

Lending

Composition of loans to customers (in thousand Euro)	31.12.2010	%	31.12.2009	%
Current accounts	5,031,033	24.81	4,965,421	24.88
Mortgage loans and other medium to long-term financing.....	11,789,792	58.15	11,182,980	56.03
Credit cards, personal loans and salary-backed loans.....	76,797	0.38	81,188	0.41
Other transactions	3,378,584	16.66	3,729,822	18.69
TOTAL	20,276,206	100.00	19,959,411	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	1,349,331	6.53	(287,519)	1,061,812	5.24
Non-performing loans.....	582,309	2.82	(228,970)	353,339	1.74
Impaired loans	420,042	2.03	(40,449)	379,593	1.87
Restructured loans.....	317,184	1.54	(16,185)	300,999	1.48
Past due loans	29,796	0.14	(1,915)	27,881	0.14
Performing loans.....	19,308,864	93.47	(94,470)	19,214,394	94.76
TOTAL	20,658,195	100.00	(381,989)	20,276,206	100.00

Loans to customers as at 31 December 2009 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	1,195,158	5.89	(245,942)	949,216	4.76
Non-performing loans.....	438,782	2.16	(190,284)	248,498	1.25
Impaired loans.....	377,834	1.86	(41,116)	336,718	1.69
Restructured loans.....	254,596	1.26	(11,081)	243,515	1.22
Past due loans.....	123,946	0.61	(3,461)	120,485	0.60
Performing loans	19,082,479	94.11	(72,284)	19,010,195	95.24
TOTAL	20,277,637	100.00	(318,226)	19,959,411	100.00

Funding

The following table presents the sources of the Bank' funding from customers as at 31 December 2010 and 2009.

Direct funding from customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	13,655,436	66.30	13,387,126	56.49
Securities in issue.....	6,940,640	33.70	10,309,137	43.51
TOTAL	20,596,076	100.00	23,696,263	100.00

Detail of amounts due to customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	13,032,572	95.44	12,899,847	96.36
Time deposits.....	47,901	0.35	57,149	0.43
Financing:	440,824	3.23	362,119	2.70
<i>Negative repurchase agreement</i>	<i>438,511</i>	<i>3.21</i>	<i>358,445</i>	<i>2.68</i>
<i>Others</i>	<i>2,313</i>	<i>0.02</i>	<i>3,674</i>	<i>0.03</i>
Other payables	134,139	0.98	68,011	0.51
TOTAL	13,655,436	100.00	13,387,126	100.00

Management

Banca Popolare di Bergamo is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day to day operations of the bank. In accordance with the by Laws of Banca Popolare di Bergamo, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare di Bergamo is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare di Bergamo consists of between nine and fifteen members and is currently composed of the following persons:

Name	Position
Emilio Zanetti(*)	Chairman
Antonio Parimbelli(*).....	Deputy Chairman
Antonio Bulgheroni	Deputy Chairman
Mauro Bagini(*)	Director
Alberto Barcella.....	Director
Pierpaolo Camadini.....	Director
Mario Comana	Director
Giacomo Fustinoni.....	Director
Paolo Alberto Lamberti.....	Director
Francesco Lechi(*)	Director
Guido Lupini(*).....	Director
Victor Massiah(*).....	Director
Raffaele Rizzardi	Director
Marino Vago.....	Director
Laura Viganò.....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Bergamo as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Ferruccio Rota Sperti	Chairman
Antonio Amaduzzi	Acting Auditor
Luigi Piantoni	Acting Auditor
Alberto Carrara	Alternate Auditor
Maurizio Vicentini	Alternate Auditor

General Management

Name	Position
Giuseppe Masnaga	General Manager
Osvaldo Ranica	Joint General Manager
Silvano Manella	Deputy General Manager
Riccardo Tramezzani	Deputy General Manager

Auditors

The current independent auditors of Banca Popolare di Bergamo are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2011.

Subsidiaries and associated companies

As at 31 December 2010, Banca Popolare di Bergamo has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A. and a 3.462 per cent stake in UBI Banca International S.A.

Share capital and shareholders

As at 31 December 2010, Banca Popolare di Bergamo has an issued and fully paid up share capital of Euro 1,350,514,252 consisting of 1,350,514,252 ordinary shares with a nominal value of Euro 1.00 each.

Banca Popolare di Bergamo's shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2010).

Employees

As at 31 December 2010, Banca Popolare di Bergamo has 3,761 employees actually in service ("Dipendenti effettivi in servizio"), compared to 3,606 employees actually in service as at the previous year end.

Financial information

The following tables set out non consolidated balance sheet and income statement information relating to Banca Popolare di Bergamo. Such information is derived from the separate financial statements of Banca Popolare di Bergamo as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banca Popolare di Bergamo (www.bpb.it). The financial statements of Banca Popolare di Bergamo are prepared in accordance with IFRS. For the avoidance of doubt, neither the website nor the financial statements of Banca Popolare di Bergamo forms part of this Prospectus.

BALANCE SHEET

(In thousand Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents	104,165	112,986
Financial assets held for trading	51,761	50,459
Available-for-sale financial assets	20,795	21,283
Loans to banks	3,326,528	5,728,086

(In thousand Euro)	31.12.2010	31.12.2009
Loans to customers	20,276,206	19,959,411
Hedging derivatives	106,041	144,697
Fair value changes of hedged financial assets	60,341	40,684
Equity investments.....	5,065	5,065
Property, Plant and equipment	49,255	38,623
Intangible assets.....	1,440	42,145
of which goodwill:	1,440	42,145
Tax assets.....	100,518	104,984
(a) <i>current</i>	46,710	68,325
(b) <i>deferred</i>	53,809	36,659
Other assets.....	353,769	258,344
Total assets.....	24,455,885	26,506,767
Liabilities and Shareholders' Equity		
Due to banks	789,141	154,529
Due to customers	13,655,436	13,387,126
Securities issued.....	6,940,640	10,309,137
Financial liabilities held for trading	52,519	49,729
Hedging derivatives	67,557	72,755
Tax liabilities:	41,696	61,529
(a) <i>current</i>	26,781	35,636
(b) <i>deferred</i>	14,914	25,892
Other liabilities	546,070	454,033
Staff severance provisions	86,044	88,006
Provisions for liabilities and charges:	26,336	29,573
(b) <i>other provisions</i>	26,336	29,573
Valuation reserve	(5,162)	(1,741)
Reserves.....	798,376	466,777
Share capital	1,350,514	1,256,300
Profit for the year.....	106,719	179,015
Total liabilities and shareholders' equity	24,455,885	26,506,767

INCOME STATEMENT

Figures in thousands of Euro	31.12.2010	31.12.2009
Interest and similar income	673,248	940,372
Interest expense and similar	(228,717)	(368,168)
Net interest income	444,531	572,204
Commission income	331,034	318,461
Commission expenses	(29,858)	(30,946)
Net commission income.....	301,176	287,514
Dividend and similar income.....	254	-
Net profit (loss) from trading	147	3,498
Net profit (loss) from hedging.....	11,175	5,067
Profit (losses) from disposal or repurchase of:	(1,672)	(2,031)
(a) <i>loans</i>	-	-
(b) <i>available-for-sale financial assets</i>	37	-
(d) <i>financial liabilities</i>	(1,709)	(2,031)
Gross income	755,610	866,253
Net impairment losses on	(98,084)	(110,712)
(a) <i>loans</i>	(96,212)	(109,700)
(b) <i>available-for-sale financial assets</i>	(294)	(134)
(d) <i>other financial transactions</i>	(1,579)	(878)
Net financial operating income	657,526	755,542
Administrative expenses	(521,054)	(524,344)
(a) <i>staff costs</i>	(277,279)	(278,078)
(b) <i>other administrative expenses</i>	(243,775)	(246,266)
Net provisions for liabilities and charges	187	(543)
Net impairment losses on property, plant and equipment.....	(6,400)	(4,599)
Other operating income (expense)	52,214	56,893
Operating costs	(475,053)	(472,592)
Profits (losses) on disposal of investments.....	(30)	(12)
Profit (loss) on continuing operations before tax.....	182,443	282,937

Figures in thousands of Euro	31.12.2010	31.12.2009
Taxes on income for the year for continuing operations	(75,723)	(103,922)
After tax profit from continuing operations.....	106,719	179,015
Profit after tax from discontinued operations	-	-
Profit for the year	106,719	179,015

Banco di Brescia S.p.A.

History and development

Banco di Brescia S.p.A. ("**Banco di Brescia**") was incorporated under the laws of Italy on 31 December 1998 and, pursuant to Article 3 of its by Laws, the duration of the company is up to 31 December 2103 and may be extended by Shareholders' Meetings resolutions. Its registered office is at Corso Martiri della Libertà 13, Brescia and its principal objects, as set out in Article 2 of its by Laws, are deposit taking and the carrying out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds in accordance with laws and regulation.

Areas of activity – general

Banco di Brescia is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely in Lombardy and Veneto in Northern Italy and Latium in Central Italy) and has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banco di Brescia is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

The data of the comparison period is not consistent due to the territorial optimisation operation (please see, under the section "*The Issuer*", "*The Networks Banks*" above).

Lending

Types of loans

Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Current accounts	2,597,815	17.23	2,342,584	16.52
Mortgage loans and other medium to long-term financing.....	8,927,611	59.21	8,285,593	58.44
Credit cards, personal loans and salary-backed loans.....	98,280	0.65	141,330	1.00
Other transactions	3,446,472	22.86	3,400,778	23.98
Debt securities	8,026	0.05	8,456	0.06
TOTAL	15,078,204	100.00	14,178,741	100.00

Defaulted and problem loans

The following table shows a breakdown of Banco di Brescia's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	955,262	6.22	(209,162)	746,100	4.95
Non-performing loans.....	346,843	2.26	(161,931)	184,912	1.23
Impaired loans	351,197	2.29	(32,529)	318,668	2.11
Restructured loans.....	214,801	1.40	(13,302)	201,499	1.34
Past due loans	42,421	0.27	(1,400)	41,021	0.27
Performing loans.....	14,399,556	93.78	(67,452)	14,332,104	95.05

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
TOTAL	15,354,818	100.00	(276,614)	15,078,204	100.00

Loans to customers as at 31 December 2009 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	707,754	4.91	(175,758)	531,996	3.75
Non-performing loans	268,590	1.86	(136,315)	132,275	0.93
Impaired loans	280,583	1.95	(29,794)	250,789	1.77
Restructured loans.....	81,134	0.56	(8,210)	72,924	0.51
Past due loans	77,447	0.54	(1,439)	76,008	0.54
Performing loans	13,697,109	95.09	(50,364)	13,646,745	96.25
TOTAL	14,404,863	100.00	(226,122)	14,178,741	100.00

Funding

Banco di Brescia's principal sources of funding are as follows.

Direct funding from customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	8,885,718	73.32	8,870,849	46.27
Securities in issue.....	3,233,256	26.68	10,300,310	53.73
TOTAL	12,118,974	100.00	19,171,160	100.00

Detail of Amounts due to customers

Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	8,244,905	92.79	8,246,055	92.96
Time deposits.....	28,159	0.32	195,208	2.20
Financing	505,573	5.68	362,731	4.09
<i>Negative Repurchase agreement</i>	<i>505,161</i>	<i>5.68</i>	<i>362,133</i>	<i>4.08</i>
<i>Others</i>	<i>412</i>	<i>0.00</i>	<i>598</i>	<i>0.01</i>
Other payables	107,081	1.21	66,855	0.75
TOTAL	8,885,718	100.00	8,870,849	100.00

Management

Banco di Brescia is managed by the Board of Directors, appointed by the general meeting of shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banco di Brescia, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banco di Brescia is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banco di Brescia consists of between fifteen and nineteen members and is currently composed of the following persons:

Name	Position
Franco Polotti (♂).....	Chairman
Pierfrancesco Rampinelli Rota (♂).....	Deputy Chairman
Costantino Vitali (*)	Deputy Chairman
Francesco Bettoni	Director
Franco Bossoni (♂)	Director and Secretary of the Board
Giuseppe Camadini.....	Director

Name	Position
Gaudenzio Cattaneo(*)	Director
Giorgio Franceschi	Director
Stefano Gianotti	Director
Andrea Gibellini	Director
Pierangelo Gramignola	Director
Victor Massiah	Director
Giambattista Montini	Director
Francesco Passerini Glazel	Director
Flavio Pizzini(*)	Director
Gianfederico Soncini	Director

(*) Member of Executive Committee.

The present Board of Directors has been appointed for the 2011, 2012 and 2013 financial years.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Paolo Golia	Chairman
Eugenio Ballerio	Acting Auditor
Alessandro Masetti Zannini	Acting Auditor
Primo Cancarini	Alternate Auditor
Guido Piccinelli	Alternate Auditor

General Management

Name	Position
Elvio Sonnino	General Manager
Stefano Vittorio Kuhn	Deputy General Manager
Paola Montesor	Deputy General Manager

Auditors

The current independent auditors of Banco di Brescia are Reconta Ernst & Young S.p.A., who have been appointed by the General Meeting of Shareholders of 11 April 2007 to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2010, Banco di Brescia has a 8.716 per cent. shareholding in Banca di Valle Camonica S.p.A., a 5,85 per cent. shareholding in UBI Banca International S.A. and a 2.96 per cent shareholding in UBI Sistemi e Servizi S.c.p.A. All the aforementioned companies belong to UBI Banca Group. Banco di Brescia has no subsidiaries and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010, Banco di Brescia has an issued and fully paid-up share capital of Euro 615,632,231 consisting of 905,341,516 ordinary shares with a nominal value of Euro 0.68 each.

Banco di Brescia's shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2010).

Employees

As at 31 December 2010, Banco di Brescia has 2,632 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 2,624 employees actually in service as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banco di Brescia. Such information is derived from the non-consolidated financial statements of Banco di Brescia as at and for the years ended 31 December 2010 and 2009, which are publicly available on the website of Banco di

Brescia (www.bancodibrescia.it). For the avoidance of doubt, neither the website nor the financial statements of Banco di Brescia forms part of this Prospectus. The financial statements of Banco di Brescia are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	73,922	92,584
Financial assets held for trading.....	100,954	114,259
Available-for-sale financial assets	20,913	26,339
Loans to banks	851,391	7,442,072
Loans to customers	15,078,204	14,178,741
Hedging derivatives	45,471	75,128
Fair value change of hedged financial assets.....	40,200	21,556
Equity investments.....	19,022	16,122
Property, plant and equipment	293,836	297,386
Intangible assets.....	19,705	19,739
of which: goodwill.....	19,705	19,705
Tax assets.....	65,837	76,127
(a) <i>current</i>	32,241	50,289
(b) <i>deferred</i>	33,597	25,839
Other assets.....	1,012,349	320,367
Total assets.....	17,621,805	22,680,420
Liabilities and Shareholders' Equity		
Due to banks	3,341,564	1,370,705
Due to customers	8,885,718	8,870,849
Securities issued.....	3,233,256	10,300,310
Financial liabilities held for trading	76,037	81,138
Hedging derivatives	64,840	51,429
Tax liabilities:	39,737	59,174
(a) <i>current</i>	22,726	32,200
(b) <i>deferred</i>	17,011	26,974
Other liabilities	432,262	573,302
Staff severance provisions	61,987	63,808
Provisions for liabilities and charges:	26,301	22,999
(b) <i>other provisions</i>	26,301	22,999
Valuation reserve	14,182	21,206
Reserves.....	638,311	423,226
Share issue premium.....	120,000	120,000
Share capital	615,632	593,300
Profit for the year.....	71,979	128,973
Total liabilities and shareholders' equity.....	17,621,805	22,680,420

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income	508,436	668,984
Interest expense and similar	(181,831)	(300,211)
Net interest income	326,605	368,773
Commission income	210,213	200,943
Commission expenses	(14,953)	(16,198)
Net commission income	195,260	184,745
Dividend and similar income	1,249	1,699
Net profit (loss) from trading	(9,330)	5,514
Net profit (loss) from hedging.....	7,909	4,338
Profit (losses) from disposal or repurchase of:	(56)	352
(a) <i>loans</i>	-	-
(b) <i>Available-for-sale financial assets</i>	-	491
(d) <i>financial liabilities</i>	(56)	(139)
Gross income	521,637	565,421
Net impairment losses on.....	(98,708)	(70,568)
(a) <i>loans</i>	(97,859)	(69,220)
(b) <i>Available-for-sale financial assets</i>	-	(94)
(d) <i>other financial transactions</i>	(849)	(1,254)

(In thousands of Euro)	31.12.2010	31.12.2009
Net financial operating income	422,929	494,853
Administrative expenses	(330,267)	(323,123)
(a) <i>staff costs</i>	(172,843)	(165,124)
(b) <i>other administrative expenses</i>	(157,424)	(157,998)
Net provisions for liabilities and charges	(2,875)	(3,258)
Net impairment losses on property, plant and equipment	(10,106)	(11,096)
Net impairment losses on intangible assets	(34)	(9)
Other operating income (expense)	37,986	43,269
Operating costs	(305,296)	(294,217)
Profits (losses) on disposal of investments	1,296	(76)
Profit (loss) on continuing operations before tax	118,929	200,560
Taxes on income for the year for continuing operations	(46,951)	(71,587)
After tax profit from continuing operations	71,979	128,973
Profit for the year	71,979	128,973

Banca Popolare Commercio e Industria S.p.A.

Banca Popolare Commercio e Industria S.p.A. ("BPCI") was incorporated under the laws of Italy on 27 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare Commercio e Industria Srl (established in 1888) and Banca Popolare di Luino e di Varese S.p.A. (established in 1885) to the new Bank and the authorization released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Milan, via della Moscova 33, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Popolare Commercio e Industria is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided by its parent company UBI Banca directly or indirectly through its subsidiaries, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail, Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare Commercio e Industria is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

The data of the comparison period is not consistent due to the territorial optimisation operation (please see, under the section "The Issuer", "The Networks Banks" above).

Lending

Composition of loans to customers (in thousands Euro)

	31.12.2010	%	31.12.2009	%
Current accounts	1,538,131	17.31	1,756,425	20.96
Mortgage loans and other medium to long-term financing	5,577,999	62.77	4,484,433	53.53
Credit cards, personal loans and salary-backed loans	37,869	0.43	20,394	0.24
Other transactions	1,731,601	19.49	2,116,707	25.27
TOTAL	8,885,600	100.00	8,377,959	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	820,981	8.93	(271,490)	549,491	6.18
Non-performing loans.....	483,244	5.25	(219,930)	263,314	2.96
Impaired loans.....	267,883	2.91	(42,900)	224,983	2.53
Restructured loans.....	50,201	0.55	(7,908)	42,293	0.48
Past due loans.....	19,653	0.21	(752)	18,901	0.21
Performing loans	8,376,665	91.07	(40,556)	8,336,109	93.82
TOTAL	9,197,646	100.00	(312,046)	8,885,600	100.00

Loans to customers as at 31 December 2009 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	766,728	8.79	(277,916)	488,812	5.83
Non-performing loans.....	431,237	4.94	(218,499)	212,738	2.54
Impaired loans.....	245,924	2.82	(46,156)	199,768	2.38
Restructured loans.....	46,041	0.53	(11,661)	34,380	0.41
Past due loans.....	43,526	0.50	(1,600)	41,926	0.50
Performing loans	7,954,187	91.21	(65,040)	7,889,147	94.17
TOTAL	8,720,915	100.00	(342,956)	8,377,959	100.00

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2010 and 2009.

Direct funding from customers (in thousand Euro)	31.12.2010	%	31.12.2009	%
Due to customers.....	5,974,262	73.08	5,909,430	69.01
Securities in issue.....	2,201,241	26.92	2,653,456	30.99
TOTAL	8,175,503	100.00	8,562,887	100.00

Detail of amounts due to customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	5,715,273	95.67	5,629,838	95.27
Time deposits.....	12,551	0.21	12,141	0.21
Financing.....	186,444	3.12	226,831	3.83
<i>Negative Repurchase agreement</i>	<i>184,969</i>	<i>3.10</i>	<i>224,798</i>	<i>3.80</i>
<i>Others</i>	<i>1,475</i>	<i>0.02</i>	<i>2,033</i>	<i>0.03</i>
Other payables.....	59,994	1.00	40,620	0.69
TOTAL	5,974,262	100.00	5,909,430	100.00

Management

Banca Popolare Commercio e Industria is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Popolare Commercio e Industria, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare Commercio e Industria is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its By-Laws, and the principles of correct administration, and that it maintains an organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare Commercio e Industria consists of fifteen members and is currently composed of the following persons:

Name	Position
Mario Cera (*)	Chairman
Gregorio Magnetti(*)	Deputy Chairman
Giampiero Auletta Armenise(*)	Deputy Chairman
Cesare Brugola	Director
Massimo Maria Cremona	Director
Maria Lucia Ferrarini	Director
Pierangelo Gramignola(*)	Director
Giovanni Iudica	Director
Alberto Maiocchi(*)	Director
Domenico Palmieri(*)	Director
Carlo Porcari(*)	Director
Felice Scalvini	Director
Riccardo Ravizza	Director
Carlo Sangalli	Director
Felice Scalvini	Director
Lino Tedeschi	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare Commercio e Industria as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Ramiro Tettamanti	Chairman
Giovanni Luigi Boffelli	Acting Auditor
Adelmo Paganini	Acting Auditor
Luigi Jemoli	Alternate Auditor
Giovanni Martinelli	Alternate Auditor

General Management

Name	Position
Francesco Iorio	General Manager
Sergio Passoni	Deputy General Manager

Auditors

The current independent auditors of Banca Popolare Commercio e Industria are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2014.

Subsidiaries and associated companies

As at 31 December 2010, Banca Popolare Commercio e Industria has a 2.96 per cent. stake in UBI Sistemi e Servizi S.c.p.A.; it has no subsidiaries and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010, Banca Popolare Commercio e Industria has an issued and fully paid-up share capital of Euro 934,150,468 consisting of 889,667,112 ordinary shares with a nominal value of Euro1.05 each.

Banca Popolare Commercio e Industria's shares are unlisted and are 75.077 per cent. owned by UBI Banca (as at 31 December 2010), 16.237 per cent owned by Fondazione Banca del Monte di Lombardia and 8.686 per cent owned by Aviva S.p.A.

Employees

As at 31 December 2010, Banca Popolare Commercio e Industria has 1,756 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 1,965 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Popolare Commercio e Industria. Such information is derived from the separate financial statements of Banca Popolare Commercio e Industria as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of the bank (www.bpci.it). For the avoidance of doubt, neither the website nor the financial statements of Banca Popolare Commercio e Industria forms part of this Prospectus. The financial statements of Banca Popolare Commercio e Industria are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	42,531	43,410
Financial assets held for trading.....	32,731	28,430
Available-for-sale financial assets	19,314	12,167
Loans to banks	647,835	1,384,452
Loans to customers	8,885,600	8,377,959
Hedging derivatives	42,713	42,262
Change in fair value of hedged financial assets.....	46,521	38,269
Equity investments.....	1,565	1,565
Property, plant and equipment	123,860	82,230
Intangible assets.....	22,261	22,261
of which goodwill:.....	22,261	22,261
Tax assets.....	132,741	142,771
(a) <i>current</i>	43,221	52,642
(b) <i>deferred</i>	89,520	90,129
Other assets.....	132,311	159,635
Total assets	10,129,982	10,335,412
Liabilities and Shareholders' Equity		
Due to banks	394,729	479,752
Due to customers	5,974,262	5,909,430
Securities issued.....	2,201,241	2,653,456
Financial liabilities held for trading	33,821	29,092
Hedging derivatives	58,742	47,948
Tax liabilities:	27,094	35,339
(a) <i>current</i>	10,228	13,576
(b) <i>deferred</i>	16,866	21,763
Other liabilities	194,959	288,727
Staff severance provisions	35,770	30,302
Provisions for liabilities and charges:	27,999	28,414
(b) <i>other provisions</i>	27,999	28,414
Valuation reserve	158	1,526
Reserves.....	225,143	146,946
Share capital	934,150	682,500
Profit for the year.....	21,914	1,978
Total liabilities and shareholders' equity	10,129,982	10,335,412

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income.....	273,360	386,327
Interest expense and similar	(74,920)	(122,222)
Net interest income	198,440	264,104
Commission income	148,127	144,584
Commission expenses.....	(14,461)	(13,886)
Net commission income	133,666	130,698
Dividend and similar income	2	15
Net profit (loss) from trading	(7,157)	2,322

(In thousands of Euro)	31.12.2010	31.12.2009
Net profit (loss) from hedging.....	6,733	(4,816)
Profit (losses) from disposal or repurchase of:.....	(1,721)	(2,113)
(d) <i>financial liabilities</i>	(1,721)	(2,113)
Gross income	329,963	390,211
Net impairment losses on.....	(30,840)	(111,130)
(a) <i>loans</i>	(30,827)	(112,181)
(b) <i>Available-for-sale financial assets</i>	(53)	(232)
(d) <i>other financial transactions</i>	40	1,283
Net financial operating income	299,123	279,081
Administrative expenses	(270,610)	(277,204)
(a) <i>staff costs</i>	(137,261)	(143,532)
(b) <i>other administrative expenses</i>	(133,349)	(133,672)
Net provisions for liabilities and charges	(2,718)	(5,293)
Net impairment losses on property, plant and equipment.....	(5,490)	(3,253)
Other operating income (expense)	24,449	20,167
Operating costs	(254,369)	(265,583)
Profits (losses) on disposal of investments.....	(20)	(49)
Profit (loss) on continuing operations before tax	44,734	13,448
Taxes on income for the year for continuing operations	(22,820)	(14,001)
After tax profit from continuing operations	21,914	(553)
Profit after tax from discontinued operations	-	2,530
Profit for the year	21,914	1,978

Banca Regionale Europea S.p.A.

Banca Regionale Europea S.p.A. ("**Banca Regionale Europea**") was created in 1994 following the merger between Cassa di Risparmio di Cuneo and Banca del Monte di Lombardia. In 2000, it became one of the network banks of the former Group Banca Lombarda and the Group took the name of Banca Lombarda e Piemontese. In April 2007, it became one of the network banks of the UBI Banca Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2100. Its registered office is in Cuneo, via Roma 13, while the General Management and the Administrative Offices are located in Turin, Via Santa Teresa, 11. Its principal objects, as set out in Article 4 of its by-Laws, are banking activities; in addition, the Company may carry out all other financial activities in compliance with the discipline set out for each of them, and the establishment and management of supplementary pension programmes.

Areas of activity – general

Banca Regionale Europea is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The Bank, following the reorganisation of the Group, focused its banking activities in Piedmont, although it has also a branch in Milan and three branches in France – in Côte d’Azur. It has a distinctive capability in understanding and serving the requirements of the local economy in the reference areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Regionale Europea is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

The data of the comparison period is not consistent due to the territorial optimisation operation (please see, under the section "*The Issuer*", "*The Networks Banks*" above).

Lending

Composition of loans to customers

(in thousand Euro)	31.12.2010	%	31.12.2009	%
Current accounts	1,261,810	18.42	1,631,741	22.42
Mortgage loans and other medium to long-term financing.....	3,859,100	56.32	4,276,613	58.76

(in thousand Euro)	31.12.2010	%	31.12.2009	%
Credit cards, personal loans and salary-backed loans.....	35,571	0.52	80,986	1.11
Other transactions	1,695,139	24.74	1,289,110	17.71
TOTAL	6,851,620	100.00	7,278,450	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010	Gross exposure	%	Total net impairment losses	Net exposure	%
Figures in thousand Euro					
Deteriorated loans.....	449,679	6.41	(143,445)	306,234	4.47
Non-performing loans.....	250,766	3.57	(122,295)	128,471	1.87
Impaired loans	145,732	2.08	(14,755)	130,977	1.91
Restructured loans.....	25,974	0.37	(5,650)	20,324	0.30
Past due loans	27,207	0.39	(745)	26,462	0.39
Performing loans.....	6,570,341	93.59	(24,955)	6,545,386	95.53
TOTAL	7,020,020	100.00	(168,400)	6,851,620	100.00

Loans to customers as at 31 December 2009	Gross exposure	%	Total net impairment losses	Net exposure	%
Figures in thousands of Euro					
Deteriorated loans.....	427,949	5.75	(142,722)	285,227	3.92
Non-performing loans.....	228,510	3.07	(118,097)	110,413	1.52
Impaired loans	138,574	1.86	(20,793)	117,781	1.62
Restructured loans.....	13,513	0.18	(2,707)	10,806	0.15
Past due loans	47,352	0.64	(1,125)	46,227	0.63
Performing loans.....	7,017,394	94.25	(24,171)	6,993,223	96.08
TOTAL	7,445,343	100.00	(166,893)	7,278,450	100.00

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2010 and 2009.

Direct funding from customers	31.12.2010	%	31.12.2009	%
Figures in thousands of Euro				
Due to customers	3,871,423	69.22	5,471,975	68.72
Securities in issue.....	1,721,361	30.78	2,490,990	31.28
TOTAL	5,592,784	100.00	7,962,965	100.00

Detail of Amounts due to customers	31.12.2010	%	31.12.2009	%
Figures in thousands of Euro				
Current accounts and deposits.....	3,559,261	91.94	5,101,961	93.23
Time deposits.....	13,847	0.36	14,641	0.27
Financing	243,281	6.28	334,675	6.12
<i>Negative Repurchase agreement</i>	243,281	6.28	334,675	6.12
Other payables	55,034	1.42	20,698	0.38
TOTAL	3,871,423	100.00	5,471,975	100.00

Management

Banca Regionale Europea is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Regionale Europea, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Regionale Europea is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Regionale Europea consists of fifteen members and is currently composed of the following persons:

Name	Position
Luigi Rossi di Montelera (*).....	Chairman
Livio Strazzerà (*).....	Deputy Vice Chairman
Maurilio Fratino (*).....	Deputy Chairman
Adriana Acutis.....	Director
Mario Cismondi.....	Director
Ferruccio Dardanella.....	Director
Giancarlo Drocco.....	Director
Argante Del Monte.....	Director
Filippo Ferrua Magliani	Director
Giacomo Lodi	Director
Rodolfo Luzzana(*).....	Director and Secretary of the Board
Marco Manfredi.....	Director
Tito Musso (*).....	Director
Mario Napoli.....	Director
Paolo Pedrazzoli.....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Regionale Europea as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Filippo Rovetta	Chairman
Paolo Delfino.....	Acting Auditor
Piero Mella	Acting Auditor
Claudio Uberti	Alternate Auditor
Giampietro Rubino	Alternate Auditor

General Management

Name	Position
Roberto Tonizzo	General Manager
Riccardo Barbarini.....	Deputy General Manager

Auditors

The current independent auditors of Banca Regionale Europea are Reconta Ernst & Young S.p.A. who have been appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2010, Banca Regionale Europea has a 57.33 per cent. stake in Banco di San Giorgio S.p.A., a 2.96 per cent. stake in UBI Sistemi e Servizi S.c.p.A.. It has no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010, Banca Regionale Europea has an issued and fully paid-up share capital of Euro 468,880,348 consisting of 786,790,984 ordinary shares, 68,591,443 privileged shares and 46,310,550 saving shares with a nominal value of Euro 0.52 each.

Banca Regionale Europea's shares are unlisted and are 74.94 per cent. owned by UBI Banca (as at 31 December 2010), 24.98 per cent owned by Fondazione Cassa di Risparmio di Cuneo 0.08 per cent by third parties.

Employees

As at 31 December 2010, Banca Regionale Europea has 1,552 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 1,958 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Regionale Europea. Such information is derived from the separate financial statements of Banca Regionale Europea as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banca Regionale Europea (www.brebanca.it). For the avoidance of doubt, neither the website nor the financial statements of Banca Regionale Europea forms part of this Prospectus. The financial statements of Banca Regionale Europea are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	38,098	52,947
Financial assets held for trading.....	25,269	47,284
Available-for-sale financial assets	9,610	11,917
Loans to banks	574,218	1,632,032
Loans to customers	6,851,620	7,278,450
Hedging derivatives	22,147	55,903
Change in fair value of hedged financial assets.....	15,735	8,666
Equity investment	156,480	141,845
Property, plant and equipment	212,914	242,652
Intangible assets.....	80,414	81,150
of which goodwill:.....	80,320	81,050
Tax assets.....	64,795	71,989
(a) <i>current</i>	21,388	28,524
(b) <i>deferred</i>	43,408	43,465
Other assets.....	81,006	81,661
Total assets	8,132,305	9,706,497
Liabilities and Shareholders' Equity		
Due to banks	769,715	303,878
Due to customers	3,871,423	5,471,975
Securities issued.....	1,721,361	2,490,990
Financial liabilities held for trading	17,058	37,596
Hedging derivatives	27,855	25,138
Tax liabilities:	18,428	26,657
(a) <i>current</i>	13,519	22,001
(b) <i>deferred</i>	4,908	4,656
Other liabilities	173,724	281,118
Staff severance provisions	35,084	47,466
Provisions for liabilities and charges:	34,784	42,042
(a) <i>severance and similar liabilities</i>	23,526	24,298
(b) <i>other provisions</i>	11,258	17,744
Valuation reserve	114,224	115,406
Reserves.....	633,394	367,613
Share capital	468,880	442,000
Profit for the year.....	246,375	54,618
Total liabilities and shareholders' equity	8,132,305	9,706,497

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income.....	203,156	311,893
Interest expense and similar	(55,437)	(114,492)
Net interest income	147,719	197,401
Commission income	104,385	129,122
Commission expenses	(5,411)	(7,365)
Net commission income	98,973	121,757
Dividends and similar income.....	1,318	10,300

Net profit (loss) from trading	(2,587)	1,076
Net profit (loss) from hedging.....	2,008	3,019
Profit (losses) from disposal or repurchase of:.....	(367)	8,661
(a) <i>loans</i>	-	-
(b) <i>Available-for-sale financial assets</i>	(6)	8,944
(d) <i>financial liabilities</i>	(361)	(283)
Gross income	247,064	342,214
Net impairment losses on:.....	(27,599)	(34,160)
(a) <i>loans</i>	(27,430)	(33,654)
(b) <i>Available-for-sale financial assets</i>	(29)	(127)
(d) <i>other financial transactions</i>	(140)	(379)
Net financial operating income	219,464	308,054
Administrative expenses	(203,171)	(242,138)
(a) <i>staff costs</i>	(110,126)	(130,108)
(b) <i>other administrative expenses</i>	(93,046)	(112,030)
Net provisions for liabilities and charges	3,253	(2,196)
Net impairment losses on property, plan and equipment.....	(5,935)	(8,724)
Net impairment losses on intangible assets	(50)	(51)
Other operating income (expense)	20,327	25,311
Operating costs	(185,576)	(227,797)
Profit (loss) on equity investments.....	230,659	-
Profit (loss) on disposal of investments	3	(40)
Profit (loss) from continuing operations before tax	264,551	80,217
Tax on income for the year for continuing operations.....	(18,175)	(25,599)
After tax profit from continuing operations	246,375	54,618
Profit for the year	246,375	54,618

Banca Popolare di Ancona S.p.A.

Banca Popolare di Ancona S.p.A. ("**Banca Popolare di Ancona**") was incorporated on 18 October 1891 in Jesi as a co-operative bank. In 1995 it became Joint-Stock company and entered the former Banca Popolare di Bergamo-Credito Varesino Group. In July 2003 it became one of the network banks of the former BPU Group, and in April 2007 it joined the UBI Banca Group.

Pursuant to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at via Don A. Battistoni, 4, Jesi (AN), and its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The company may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. Provided the relevant authorisations are obtained, the company may proceed to the purchase, incorporation, or concentration with other banks or companies; it may also purchase and manage equity stakes, including controlling stakes, in companies carrying-out banking, insurance and financial or other activities allowed, within the limits and with the modalities set out in law dispositions.

Areas of activity – general

Banca Popolare di Ancona is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the Marche region, the key geographical area in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided, directly or indirectly through its subsidiaries, by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare di Ancona is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

Composition of loans to customers (in thousand Euro)

	31.12.2010	%	31.12.2009	%
Current accounts	1,503,642	19.52	1,646,509	22.46
Mortgage loans and other medium to long-term financing.....	4,975,647	64.60	4,474,015	61.02
Credit cards, personal loans and salary-backed loans.....	14,773	0.19	21,434	0.29
Others transactions.....	1,208,283	15.69	1,190,122	16.23
TOTAL	7,702,345	100.00	7,332,080	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010

Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	874,534	10.86	(302,272)	572,262	7.43
Non-performing loans.....	547,070	6.79	(259,647)	287,423	3.74
Impaired loans	294,619	3.66	(41,214)	253,405	3.29
Restructured loans.....	16,806	0.21	(1,074)	15,732	0.20
Past due loans	16,039	0.20	(337)	15,702	0.20
Performing loans.....	7,178,821	89.14	(48,738)	7,130,083	92.57
TOTAL	8,053,355	100.00	(351,010)	7,702,345	100.00

Loans to customers as at 31 December 2009

Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	803,477	10.45	(295,299)	508,178	6.93
Non-performing loans.....	452,327	5.88	(243,149)	209,178	2.85
Impaired loans	319,818	4.16	(51,121)	268,697	3.67
Restructured loans.....	905	0.01	(42)	863	0.01
Past due loans	30,427	0.40	(987)	29,440	0.40
Performing loans.....	6,885,164	89.55	(61,262)	6,823,902	93.07
TOTAL	7,688,641	100.00	(356,561)	7,332,080	100.00

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2010 and 2009.

Direct funding from customers (in thousands of Euro)

	31.12.2010	%	31.12.2009	%
Due to customers	4,492,572	65.71	4,619,411	57.77
Securities in issue.....	2,344,591	34.29	3,377,011	42.23
TOTAL	6,837,163	100.00	7,996,422	100.00

Detail of amounts due to customers

	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	4,216,050	93.84	4,510,677	97.65
Time deposits.....	11,273	0.25	10,719	0.23
Financing	187,176	4.17	58,181	1.26
<i>Negative Repurchase agreement</i>	187,167	4.17	58,095	1.26
<i>Others</i>	9	0.00	86	0.00
Other payables	78,073	1.74	39,834	0.86
TOTAL	4,492,572	100.00	4,619,411	100.00

Management

Banca Popolare di Ancona is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Popolare di Ancona, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare di Ancona is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare di Ancona consists of between twelve and eighteen members and is currently composed of the following persons:

Name	Position
Corrado Mariotti(*)	Chairman
Antonio Martinez(*)	Senior Deputy Chairman
Pietro Paolo Petrelli(*)	Deputy Chairman
Giampiero Auletta Armenise(*)	Director
Salvatore Fortuna	Director
Rodolfo Giampieri	Director
Otello Gregorini	Director
Paolo Leonardi	Director
Enrico Loccioni	Director
Giannalberto Luzi	Director
Silvio Mantovani(*)	Director
Graziano Pambianchi	Director
Piero Peppucci	Director
Andrea Pisani Massamormile	Director
Federico Venturi	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Ancona as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Roberto Barbieri	Chairman
Massimo Albonetti	Acting Auditor
Maurizio Vicentini	Acting Auditor
Guido Cesarini	Alternate Auditor
Pecuvio Rondini	Alternate Auditor

General Management

Name	Position
Luciano Goffi	General Manager
Nunzio Tartaglia	Co-General Manager
Genesio Rispoli	Deputy General Manager

Auditors

The current independent auditors of Banca Popolare di Ancona S.p.A. are Deloitte&Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2019.

Subsidiaries and associated companies

As at 31 December 2010, Banca Popolare di Ancona has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A., a 5.47 per cent stake in Centrobanca S.p.A., a 18.996 per cent stake in UBI Leasing S.p.A. and a 25 per cent stake in other company (SPF Società Prodotti Finanziari S.r.l.).

Share capital and shareholders

As at 31 December 2010, Banca Popolare di Ancona has an issued and fully paid up share capital of Euro 122,343,580 consisting of 24,468,716 ordinary shares with a nominal value of Euro 5.00 each.

Banca Popolare di Ancona's shares are unlisted and are 92,898 per cent. owned by UBI Banca (as at 31 December 2010), 6.49 per cent. owned by Aviva S.p.A. and for the remaining part by minority shareholders.

Employees

As at 31 December 2010, Banca Popolare di Ancona has 1,715 employees actually in service ("*Dipendenti effettivi in servizio*"), compared to 1,692 employees as at the previous year end.

Financial information

The following tables set out non consolidated balance sheet and income statement information relating to Banca Popolare di Ancona. Such information is derived from the separate financial statements of Banca Popolare di Ancona as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banca Popolare di Ancona (www.bpa.it). For the avoidance of doubt, neither the website nor the financial statements of Banca Popolare di Ancona forms part of this Prospectus. The financial statements of Banca Popolare di Ancona are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents	48,147	50,663
Financial assets held for trading	25,159	20,259
Available-for-sale financial assets	22,140	22,545
Loans to banks	753,398	1,392,357
Loans to customers	7,702,345	7,332,080
Hedging derivatives	39,241	33,704
Fair value change of hedged financial assets (+/-)	55,759	32,785
Equity Investments	69,169	69,169
Property, plant and equipment	130,180	134,477
Intangible assets	31,727	31,727
of which goodwill:	31,727	31,727
Tax assets	113,170	121,891
(a) <i>current</i>	28,857	37,255
(b) <i>deferred</i>	84,314	84,636
Other assets	110,321	135,436
Total assets	9,100,755	9,377,093
Liabilities and Shareholders' Equity		
Due to banks	963,149	78,050
Due to customers	4,492,572	4,619,411
Securities issued	2,344,591	3,377,011
Financial liabilities held for trading	27,242	20,206
Hedging derivatives	59,955	47,811
Tax liabilities:	13,179	14,963
(a) <i>current</i>	9,939	12,132
(b) <i>deferred</i>	3,240	2,832
Other liabilities	255,491	287,509
Staff severance provisions	32,231	34,477
Provisions for liabilities and charges:	18,863	18,169
(b) <i>other provisions</i>	18,863	18,169
Valuation reserve	24,012	24,892
Reserves	245,233	236,548
Share issue premium	483,554	483,554
Share capital	122,344	122,344
Profit for the year	18,340	12,148
Total liabilities and shareholders' equity	9,100,755	9,377,093

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income	277,400	385,455
Interest expense and similar	(72,445)	(136,681)
Net interest income	204,955	248,774
Commission income	110,142	104,460
Commission expenses	(5,506)	(7,052)
Net commission income	104,636	97,408
Dividends and similar income	3,757	16,437
Net profit (loss) from trading	(2,038)	910
Net profit (loss) from hedging	5,919	(1,016)
Profit (losses) from disposal or repurchase of:	(911)	(609)
(b) <i>Available-for-sale financial assets</i>	-	367
(d) <i>financial liabilities</i>	(911)	(976)
Gross income	316,319	361,905
Net impairment losses on:	(50,526)	(116,069)
(a) <i>loans</i>	(51,481)	(115,745)
(b) <i>Available-for-sale financial assets</i>	(73)	(249)
(d) <i>other financial transactions</i>	1,028	(75)
Net financial operating income	265,793	245,835
Administrative expenses	(233,350)	(243,296)
(a) <i>staff costs</i>	(125,953)	(129,840)
(b) <i>other administrative expenses</i>	(107,397)	(113,456)
Net provisions for liabilities and charges	(1,057)	(3,320)
Net impairment losses on property, plan and equipment	(10,479)	(10,758)
Other operating income (expense)	17,922	15,449
Operating costs	(226,964)	(241,926)
Profit (loss) of equity investments	37	17,044
Profit (loss) on disposal of investments	(12)	33
Profit (loss) from continuing operations before tax	38,855	20,987
Tax on income for the year for continuing operations	(20,515)	(8,838)
After tax profit from continuing operations	18,340	12,148
Profit for the year	18,340	12,148

Banca Carime S.p.A.

History and development

Banca Carime S.p.A. ("**Banca Carime**") was incorporated under the laws of Italy on 30 January 2001 following the merger between a financial company belonging to the former Banca Popolare Commercio e Industria Group and Carime, a banking company incorporated on 31 December 1997 within the Intesa Group, to which the lines of business of three Southern Saving Banks (Carical S.p.A., Caripuglia S.p.A. and Cassa di Risparmio Salernitana S.p.A.) has been transferred. In June 2000 Banca Intesa and Banca Popolare Commercio e Industria reached an agreement for the sale to the latter of the controlling stake in Banca Carime. On 1 July 2003, Banca Carime became part of the BPU Group, created from the merger between Banca Popolare di Bergamo-Credito Varesino Scrl, Banca Popolare Commercio e Industria Scrl and Banca Popolare di Luino e di Varese S.p.A. Banca Carime then became part of the UBI Banca Group following the merger between BPU Banca and Banca Lombarda effective from the 1 April 2007.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at Viale Crati in Cosenza and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, the Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Carime is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key

geographical areas in which it operates (namely Southern Italy, and, in particular, the Calabria, Apulia, Basilicata and Campania regions) and considers that it has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Carime is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

The following table shows the lending of Banca Carime as at 31 December 2010 and 2009, broken down according to the type of loan.

Composition of loans to customers (in thousand Euro)	31.12.2010	%	31.12.2009	%
Current accounts	820,059	17.21	849,627	18.75
Mortgage loans and other medium to long-term financing.....	3,308,195	69.42	3,036,658	67.02
Credit cards, personal loans and salary-backed loans.....	43,830	0.92	60,465	1.34
Other transactions	593,140	12.45	583,920	12.89
TOTAL	4,765,224	100.00	4,530,670	100.00

Defaulted and problem loans

The following table shows a breakdown of Banca Carime's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	253,171	5.21	(68,580)	184,591	3.87
Non-performing loans	110,014	2.27	(51,111)	58,903	1.24
Impaired loans	124,086	2.55	(16,066)	108,020	2.27
Restructured loans.....	2,408	0.05	(251)	2,157	0.04
Past due loans	16,663	0.34	(1,152)	15,511	0.32
Performing loans.....	4,607,335	94.79	(26,702)	4,580,633	96.13
TOTAL	4,860,506	100.00	(95,282)	4,765,224	100.00

Loans to customers as at 31 December 2009 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	212,813	4.62	(55,653)	157,160	3.47
Non-performing loans	83,674	1.82	(40,620)	43,054	0.95
Impaired loans	85,681	1.86	(13,752)	71,929	1.59
Past due loans	43,458	0.94	(1,281)	42,177	0.93
Performing loans.....	4,394,965	95.38	(21,455)	4,373,510	96.53
TOTAL	4,607,778	100.00	(77,108)	4,530,670	100.00

Funding

Banca Carime's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	5,151,629	68.12	4,961,715	62.87
Securities in issue.....	2,411,036	31.88	2,930,369	37.13
TOTAL	7,562,665	100.00	7,892,084	100.00

Detail of Amounts due to customers	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	4,931,270	95.72	4,777,454	96.29
Time deposits.....	38,972	0.76	46,005	0.93
Financing.....	70,205	1.36	74,546	1.50
<i>Negative Repurchase agreement.....</i>	<i>70,205</i>	<i>1.36</i>	<i>74,533</i>	<i>1.50</i>
<i>Others.....</i>	<i>0.00</i>	<i>0.00</i>	<i>13</i>	<i>0.00</i>
Other payables.....	111,182	2.16	63,710	1.28
TOTAL.....	5,151,629	100.00	4,961,715	100.00

Management

The management of Banca Carime is divided between the Board of Directors and the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Carime, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banca Carime is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Carime consists of between nine and fifteen members and is currently composed of the following persons:

Name	Position
Andrea Pisani Massamormile ^(*)	Chairman
Giampiero Auletta Armenise ^(*)	Senior Deputy Chairman
Ermanna Carci ^(*)	Deputy Chairman
Adamo Acciaro.....	Director
Marcello Calbiani.....	Director
Gaudenzio Cattaneo.....	Director
Alberto Cazzani.....	Director
Marco Franzini.....	Director
Carlo Porcari ^(*)	Director
Pio Giovanni Scarsi.....	Director
Mario Scicutella.....	Director
Alberto Valdembri ^(*)	Director
Germano Volpi.....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Carime as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Roberto Giordano.....	Chairman
Stefano Adamo.....	Acting Auditor
Alberto Nardi.....	Acting Auditor
Giovanni Luigi Maria Boffelli.....	Alternate Auditor
Nicola Vito Notarnicola.....	Alternate Auditor

General Management

Name	Position
Raffaele Avantaggiato.....	General Manager
Giuseppe Minervino.....	Deputy General Manager

Auditors

The current independent auditors of Banca Carime are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2013.

Subsidiaries and associated companies

As at 31 December 2010, Banca Carime has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010, Banca Carime has an issued and fully paid-up share capital of Euro 1,468,208,506 consisting of 1,411,738,948 ordinary shares with a nominal value of Euro 1.04 each.

Banca Carime's shares are unlisted and are 92.83 per cent owned by UBI Banca (as at 31 December 2010), 7.15 per cent by Aviva S.p.A. and the remaining part by minority shareholders.

Employees

As at 31 December 2010, Banca Carime has 2,221 employees actually in service (*"Dipendenti effettivi in servizio"*), compared to 2,211 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Carime. Such information is derived from the separate financial statements of Banca Carime as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banca Carime (www.carime.it). For the avoidance of doubt, neither the website nor the financial statements of Banca Carime forms part of this Prospectus. The financial statements of Banca Carime are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	67,083	72,721
Financial assets held for trading.....	2,698	2,214
Available-for-sale financial assets	27,793	28,110
Loans to Banks	3,846,367	4,368,840
Loans to customers	4,765,224	4,530,670
Hedging derivatives	19,645	38,989
Fair value change of hedged financial assets (+/-)	25,145	5,801
Equity investments.....	1,565	1,565
Property, plant and equipment	164,908	171,010
Intangible assets.....	662,931	662,931
<i>of which goodwill:</i>	<i>662,931</i>	<i>662,931</i>
Tax assets.....	61,463	59,587
(a) <i>current</i>	22,322	23,082
(b) <i>deferred</i>	39,141	36,506
Other assets.....	139,476	151,652
Total assets	9,784,297	10,094,090
Liabilities and Shareholders' equity		
Due to banks	175,444	50,585
Due to customers	5,151,629	4,961,715
Securities in issue.....	2,411,036	2,930,369
Financial liabilities held for trading	2,729	2,240
Hedging derivatives	27,114	26,542
Tax liabilities:	55,965	48,604
(a) <i>current</i>	8,222	15,191
(b) <i>deferred</i>	47,742	33,412
Other liabilities	229,378	306,132
Staff severance provisions	60,725	66,992
Provisions for liabilities and charges:	80,945	82,349
(a) <i>severance and similar obligations</i>	43,647	46,204
(b) <i>other provisions</i>	37,299	36,145
Valuation reserve	(1,334)	473
Reserves.....	84,806	79,892
Capital	1,468,209	1,468,209
Profit for the year.....	37,652	69,988
Total liabilities and shareholders' equity	9,784,297	10,094,090

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income	319,928	404,893
Interest expense and similar	(82,626)	(122,809)
Net interest income	237,303	282,084
Commission income	112,009	115,418
Commission expenses	(2,538)	(3,577)
Net commission income	109,471	111,841
Dividends and similar income	107	115
Net profit (loss) from trading	1,177	2,892
Net profit (loss) from hedging	2,374	(1,880)
Profit (losses) from disposal or repurchase of:	(1,533)	(1,621)
(b) <i>Available-for-sale financial assets</i>	-	176
(d) <i>financial liabilities</i>	(1,533)	(1,797)
Gross income	348,898	393,430
Net impairment losses on:	(23,308)	(20,005)
(a) <i>loans</i>	(22,875)	(20,128)
(b) <i>Available-for-sale financial assets</i>	(11)	-
(d) <i>other financial transactions</i>	(423)	123
Net financial operating income	325,590	373,425
Administrative expenses	(265,135)	(271,393)
(a) <i>staff costs</i>	(153,219)	(158,196)
(b) <i>other administrative expenses</i>	(111,916)	(113,197)
Net provisions for liabilities and charges	862	(6,076)
Net impairment losses on property, plan and equipment	(13,890)	(13,302)
Other operating income (expense)	21,533	23,183
Operating costs	(256,631)	(267,587)
Profit (loss) on disposal of investments	(2)	21
Profit (loss) from continuing operations before tax	68,957	105,859
Tax on income for the year for continuing operations	(31,305)	(35,871)
After tax profit from continuing operations	37,652	69,988
Profit for the year	37,652	69,988

Banca di Valle Camonica S.p.A.

Banca di Valle Camonica S.p.A. ("**Banca di Valle Camonica**") was created in 1872. In 1963 it was acquired by Banca San Paolo di Brescia, which in 1998 changed its name into Banca Lombarda following its merger with Credito Agrario Bresciano. In April 2007, Banca di Valle Camonica became one of the network banks of the UBI Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Breno (Brescia), Piazza della Repubblica 2, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. Its aim is to generate value for shareholders and to promote activities for moral and economic improvement. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations and the approval from the supervisory authority, perform any transactions or banking services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds.

Areas of activity – general

Banca di Valle Camonica is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank is present in Lombardy and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca di

Valle Camonica is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

The following table shows the lending of Banca di Valle Camonica as at 31 December 2010 and 2009, broken down according to the type of loan.

Types of loans	31.12.2010	%	31.12.2009	%
Current accounts	396,829	21.05	398,719	21.95
Mortgage loans and other medium to long-term financing.....	1,258,392	66.74	1,204,301	66.30
Credit cards, personal loans and salary-backed loans.....	12,170	0.64	16,255	0.89
Other transactions	218,173	11.57	197,143	10.86
TOTAL	1,885,564	100.00	1,816,418	100.00

Defaulted and problem loans

The following table shows a breakdown of Banca di Valle Camonica's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	118,953	6.18	(28,735)	90,218	4.78
Non-performing loans.....	49,498	2.57	(19,286)	30,212	1.60
Impaired loans	56,197	2.92	(8,648)	47,549	2.52
Restructured loans.....	1,447	0.08	(160)	1,287	0.07
Past due loans	11,811	0.61	(641)	11,170	0.59
Performing loans.....	1,805,555	93.82	(10,209)	1,795,346	95.22
TOTAL	1,924,508	100.00	(38,944)	1,885,564	100.00

Loans to customers as at 31 December 2009 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	99,801	5.41	(20,853)	78,948	4.35
Non-performing loans.....	37,497	2.03	(14,727)	22,770	1.25
Impaired loans	33,693	1.83	(5,550)	28,143	1.55
Past due loans	28,611	1.55	(576)	28,035	1.55
Performing loans.....	1,744,620	94.59	(7,150)	1,737,470	95.65
TOTAL	1,844,421	100.00	(28,003)	1,816,418	100.00

Funding

Banca di Valle Camonica's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	978,334	60.28	1,068,933	57.80
Securities in issue.....	644,615	39.72	780,291	42.20
TOTAL	1,622,949	100.00	1,849,224	100.00

Detail of Amounts due to customers	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	851,874	87.07	909,205	85.06
Time deposits.....	3,365	0.34	4,085	0.38
Financing	109,931	11.24	151,091	14.13
<i>Negative Repurchase agreement.....</i>	<i>108,696</i>	<i>11.11</i>	<i>149,813</i>	<i>14.02</i>
<i>Others</i>	<i>1,235</i>	<i>0.13</i>	<i>1,278</i>	<i>0.12</i>
Other payables	13,164	1.35	4,552	0.43
TOTAL	978,334	100.00	1,068,933	100.00

Management

Banca di Valle Camonica is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca di Valle Camonica, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca di Valle Camonica is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca di Valle Camonica consists of between five and nine members and is currently composed of the following persons:

Name	Position
Gianfranco Maiolini(*).....	Chairman
Martino Gregorini(*).....	Deputy Chairman
Massimo Ghetti(*).....	Secretary Director
Mario Nalli	Director
Ruggero Brunori(*).....	Director
Giuseppe Camadini.....	Director
Bruno Degrandi(*).....	Director
Giovanmaria Rizzi	Director
Egidio Tempini	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca di Valle Camonica as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Gioannimaria Seccamani Mazzoli.....	Chairman
Angelo Roberto Farisoglio.....	Acting Auditor
Francesco Landriscina	Acting Auditor
Clara Sterli.....	Alternate Auditor
Ilenia Monchieri.....	Alternate Auditor

General Management

Name	Position
Corrado Mascheretti	General Manager
Pietro Tosana	Deputy General Manager

Auditors

The current independent auditors of Banca di Valle Camonica are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2015.

Subsidiaries and associated companies

As at 31 December 2010, Banca di Valle Camonica has a 1.48 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010, Banca di Valle Camonica has an issued and fully paid up share capital of Euro 2,738,693 consisting of 2,738,693 ordinary shares with a nominal value of Euro1.00 each.

Banca di Valle Camonica's shares are unlisted and are 74.24 per cent owned by UBI Banca (as at 31 December 2010) and 8.7156 per cent owned by Banco di Brescia.

Employees

As at 31 December 2010, Banca di Valle Camonica has 346 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 349 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca di Valle Camonica. Such information is derived from the separate financial statements of Banca di Valle Camonica as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banca di Valle Camonica (www.bancavalle.it). For the avoidance of doubt, neither the website nor the financial statements of Banca di Valle Camonica forms part of this Prospectus. The financial statements of Banca di Valle Camonica are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	15,546	17,248
Financial assets held for trading.....	4,697	5,074
Available-for-sale financial assets	2,612	2,618
Loans to Banks	139,605	319,124
Loans to customers	1,885,564	1,816,418
Hedging derivatives	8,560	11,005
Fair value change of hedged financial assets (+/-)	2,364	1,533
Equity investments.....	783	783
Property, plant and equipment	28,209	26,938
Intangible assets.....	6,899	6,899
of which goodwill:	6,899	6,899
Tax assets.....	9,637	8,922
(a) <i>current</i>	3,998	5,410
(b) <i>deferred</i>	5,639	3,512
Other assets.....	18,418	16,451
Total assets	2,122,894	2,233,012
Liabilities and Shareholders' equity		
Due to banks	311,088	179,539
Due to customers	978,334	1,068,933
Securities in issue.....	644,615	780,291
Financial liabilities held for trading	4,902	5,855
Hedging derivatives	4,085	3,070
Tax liabilities:	3,770	5,027
(a) <i>current</i>	2,725	4,072
(b) <i>deferred</i>	1,045	955
Other liabilities	54,099	62,978
Staff severance provisions	7,027	7,183
Provisions for liabilities and charges:	2,424	1,527
(b) <i>other provisions</i>	2,424	1,527
Valuation reserve	12,005	12,241
Reserves.....	68,338	66,203
Share issue premiums	27,895	27,895
Capital	2,739	2,739
Profit for the year.....	1,574	9,533
Total liabilities and shareholders' equity	2,122,894	2,233,012

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income.....	62,807	84,364
Interest expense and similar	(21,782)	(37,084)
Net interest income	41,025	47,280
Commission income	20,385	20,300
Commission expenses.....	(1,047)	(1,249)

(In thousands of Euro)	31.12.2010	31.12.2009
Net commission income	19,337	19,051
Net profit (loss) from trading activities	(34)	118
Net profit (loss) from hedging activities	240	1,157
Profit (losses) from disposal or repurchase of:	(107)	(73)
(d) <i>financial liabilities</i>	(107)	(73)
Gross income	60,463	67,533
Net impairment losses on:	(13,631)	(10,825)
(a) <i>loans</i>	(13,442)	(10,707)
(d) <i>other financial transactions</i>	(189)	(118)
Net financial operating income	46,832	56,708
Administrative expenses	(44,115)	(44,510)
(a) <i>staff costs</i>	(21,650)	(22,154)
(b) <i>other administrative expenses</i>	(22,465)	(22,355)
Net provisions for liabilities and charges	(711)	643
Net impairment losses on property, plan and equipment	(1,599)	(1,763)
Other operating income (expense)	4,770	4,807
Operating costs	(41,655)	(40,823)
Profits (losses) on disposal of investment	1	21
Profit (loss) from continuing operations before tax	5,177	15,906
Taxes on income for the year for continuing operations	(3,603)	(6,373)
Profit (loss) from continuing operations after tax	1,574	9,533
Profit (loss) for the period	1,574	9,533

Banco di San Giorgio S.p.A.

Banco di San Giorgio S.p.A. ("**Banco di San Giorgio**") was created in 1987 as a co-operative bank. In 1992 it became a Joint-Stock company and it was acquired by Credito Agrario Bresciano, which in 1998 changed its name into Banca Lombarda following its merger with Banca San Paolo di Brescia. In April 2007, Banco di San Giorgio became one of the network banks of the UBI Group.

Pursuant to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended. Its registered office is in Genova, Via Ceccardi 1, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform both in Italy and abroad any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the purchase of equity investments.

Areas of activity – general

Banco di San Giorgio is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank is mainly present in Liguria and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail, Corporate and Private. Because of the wide range of product companies within the UBI Group, Banco di San Giorgio is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

The data of the comparison period is not consistent due to the territorial optimisation operation (please see, under the section "*The Issuer*", "*The Networks Banks*" above).

Lending

The following table shows the lending of Banco di San Giorgio as at 31 December 2010 and 2009, broken down according to the type of loan.

Types of loans

(In thousands of Euro)	31.12.2010	%	31.12.2009	%
Current accounts	414,408	14.87	368,048	15.86
Mortgage loans and other medium to long-term financing.....	2,059,277	73.87	1,677,976	72.32
Credit cards, personal loans and salary-backed loans.....	12,556	0.45	18,571	0.80
Other transactions	301,376	10.81	255,812	11.02
TOTAL	2,787,617	100.00	2,320,407	100.00

Defaulted and problem loans

The following table shows a breakdown of Banco di San Giorgio's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	235,437	8.29	(39,212)	196,225	7.04
Non-performing loans.....	78,302	2.76	(31,362)	46,940	1.68
Impaired loans	127,630	4.49	(6,744)	120,886	4.34
Restructured loans.....	13,891	0.49	(658)	13,233	0.48
Past due loans	15,614	0.55	(448)	15,166	0.54
Performing loans.....	2,605,214	91.71	(13,822)	2,591,392	92.96
TOTAL	2,840,651	100.00	(53,034)	2,787,617	100.00

Loans to customers as at 31 December 2009 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	179,183	7.59	(29,073)	150,110	6.47
Non-performing loans.....	55,221	2.34	(20,597)	34,624	1.49
Impaired loans	52,131	2.21	(7,006)	45,125	1.94
Restructured loans.....	13,611	0.58	(32)	13,579	0.59
Past due loans	58,220	2.46	(1,438)	56,782	2.45
Performing loans.....	2,181,803	92.41	(11,506)	2,170,297	93.53
TOTAL	2,360,986	100.00	(40,579)	2,320,407	100.00

Funding

Banco di San Giorgio's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	1,237,433	64.96	1,015,004	46.86
Securities in issue.....	667,460	35.04	1,150,844	53.14
TOTAL	1,904,893	100.00	2,165,849	100.00

Direct funding from customers	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	1,135,869	91.79	963,451	94.92
Time deposits.....	2,187	0.18	2,125	0.21
Financing	87,906	7.10	49,186	4.85
<i>Negative Repurchase agreement</i>	87,906	7.10	49,186	4.85
Other payables	11,471	0.93	242	0.02
TOTAL	1,237,433	100.00	1,015,004	100.00

Management

Banco di San Giorgio is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banco di San Giorgio, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banco di San Giorgio is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and

the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banco di San Giorgio consists of between nine and fourteen members and is currently composed of the following persons:

Name	Position
Riccardo Garrone(*).....	Chairman
Eugenio Benvenuto(*).....	Deputy Chairman
Lorenzo Acquarone.....	Director
Alberto Alberti(*).....	Director
Adriano Filippo Calvini	Director
Ernesto Cauvin	Director
Paolo Corradi	Director
Andrea D'Angelo	Director
Piero Aldo Fenoglio.....	Director
Luigi Luzzati.....	Director
Marco Macciò.....	Director
Enzo Papi.....	Director
Fernando Roaro(*).....	Director
Guido Testa(*).....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banco di San Giorgio as at and for the year ending 31 December 2011.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Filippo Rovetta	Chairman
Giovanni Ciurlo	Acting Auditor
Filippo Delfino.....	Acting Auditor
Paolo Golia	Alternate Auditor
Sergio Comincioli	Alternate Auditor

General Management

Name	Position
Sergio Mori.....	General Manager
Luigi Minolfi	Deputy General Manager

Auditors

The current independent auditors of Banco di San Giorgio are Reconta Ernst & Young S.p.A., who have been appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2010, Banco di San Giorgio has a 1.48 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2010 Banco San Giorgio had an issued and fully paid-up share capital of Euro 94,647,278 Euro consisting of 63,098,185 ordinary shares with a nominal value of Euro 1.5 each.

Banco di San Giorgio's shares are unlisted and are 36.1939 per cent. owned by UBI Banca (as at 31 December 2010), 57.333 per cent owned by Banca Regionale Europea S.p.A. and for the remaining part by minority shareholders.

Employees

At 31 December 2010, Banco di San Giorgio has 417 employees actually in service (*"Dipendenti effettivi in servizio"*), compared to 373 employees actually in service (*"Dipendenti effettivi in servizio"*), as at previous year end.

Financial information

The following tables set out non consolidated balance sheet and income statement information relating to Banco di San Giorgio. Such information is derived from the separate financial statements of Banco di San Giorgio as at and for the years ended 31 December 2010 and 2009, which are publicly available (in Italian only) on the website of Banco di San Giorgio (www.bancodisangiorgio.it). For the avoidance of doubt, neither the website nor the financial statements of Banco di San Giorgio forms part of this Prospectus. The financial statements of Banco di San Giorgio are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	15,478	16,818
Financial assets held for trading.....	12,409	15,701
Available-for-sale financial assets	294	296
Loans to banks	151,081	138,605
Loans to customers	2,787,617	2,320,407
Hedging derivatives	5,076	6,112
Change in fair value of hedged financial assets.....	11,729	6,490
Equity investments.....	886	886
Property, plant and equipment	13,191	13,239
Intangible assets	73,367	74,347
of which goodwill:.....	60,382	60,382
Tax assets.....	9,274	8,330
(a) <i>current</i>	2,957	3,588
(b) <i>deferred</i>	6,317	4,742
Other assets.....	19,396	12,486
Total assets	3,099,798	2,613,716
Liabilities and Shareholders' Equity		
Due to banks	935,138	183,812
Due to customers	1,237,433	1,015,004
Securities issued.....	667,460	1,150,844
Financial liabilities held for trading	12,564	14,516
Hedging derivatives	18,725	13,173
Tax liabilities:	6,282	5,264
(a) <i>current</i>	2,775	2,866
(b) <i>deferred</i>	3,507	2,398
Other liabilities	33,267	42,098
Staff severance provisions	6,268	4,997
Provisions for liabilities and charges:	2,103	1,693
(b) <i>other provisions</i>	2,103	1,693
Valuation reserve	(365)	(182)
Reserves.....	18,230	25,050
Share issue premium.....	67,672	67,672
Capital	94,647	87,841
Profit for the year.....	375	1,934
Total liabilities and shareholders' equity	3,099,798	2,613,716

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income.....	87,773	98,087
Interest expense and similar	(36,708)	(52,531)
Net interest income	51,065	45,556
Commission income	25,834	19,613

(In thousands of Euro)	31.12.2010	31.12.2009
Commission expenses	(1,232)	(1,524)
Net commission income	24,602	18,089
Dividends and similar income	13	-
Net profit (loss) from trading activities	(3,381)	1,984
Net profit (loss) from hedging activities	974	(828)
Profit (loss) from disposal or repurchase of:	7	19
(d) <i>financial liabilities</i>	7	19
Gross income	73,280	64,819
Net impairment losses on:	(18,073)	(14,846)
(a) <i>loans</i>	(17,838)	(14,804)
(b) <i>Available-for-sale financial assets</i>	(2)	(1)
(d) <i>other financial transactions</i>	(233)	(41)
Net financial operating income	55,208	49,973
Administrative expenses	(54,503)	(48,115)
(a) <i>staff costs</i>	(27,523)	(22,581)
(b) <i>other administrative expenses</i>	(26,980)	(25,535)
Net provisions for liabilities and charges	(214)	(139)
Net impairment losses on property, plan and equipment	(1,133)	(1,105)
Net impairment losses on intangible assets	(980)	(735)
Other operating income (expense)	5,492	4,817
Operating costs	(51,338)	(45,277)
Profits (losses) on disposal of investment	-	(25)
Profit (loss) from continuing operations before tax	3,870	4,671
Taxes on income for the period for continuing operations	(3,495)	(2,737)
Profit (loss) from after tax	375	1,934
Profit (loss) for the period	375	1,934

B@nca 24–7 S.p.A.

B@nca 24–7 S.p.A. is the company of the UBI Banca Group specialising in mortgage loans, personal loans, salary-backed loans and credit cards.

The Head Office of the Bank are located in Piazza Vittorio Veneto 8, 24122 Bergamo (Italy) and the General Management of the Bank is located in Via Antonio Stoppani, 15 – 24121 Bergamo (Italy). B@nca 24–7 S.p.A.'s fiscal code, VAT number and registration number in the Company Registry of Bergamo is 02805490162. B@nca 24–7 S.p.A. is registered under number 5487 in the Bank of Italy's Bank Registry and under number 3111.2 in the Bank of Italy's Banking Groups' Registry.

Business object

Pursuant to Article 4 of its by-Laws, the duration of the company is up to 31 December 2070. Its principal objects, as set out in Article 2 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. It may perform any financial activity subject to compliance with legislation in force, and any other activity or operations incidental to or in any way connected with the achievement of its corporate objects, operating in the market of financial and credit intermediation also through the distribution of services and products and also through multimedia channels.

Distribution network

As concerns mortgage loans, B@nca 24–7 develops business through commercial agreements with distribution networks outside the UBI Banca Group. The issuance of credit cards (both charge and revolving) for the UBI Group is centralised in B@nca 24–7. Personal loans and salary-backed loans are distributed both on captive and non captive customers.

Lending

Composition of loans to customers (In thousands of Euro)

	31.12.2010	%	31.12.2009	%
Current accounts	2,628	0.02%	114	0.00%
Mortgage loans	4,975,454	44.35%	4,517,242	41.61%
Credit cards, personal loans and salary-backed loans	5,716,416	50.95%	6,086,681	56.07%
Other transactions	255,722	2.28%	53,275	0.49%
Impaired assets	269,333	2.40%	198,024	1.82%
TOTAL	11,219,553	100.00%	10,855,336	100.00%

Defaulted and problem loans

The following table shows a breakdown of the B@nca 24-7's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	736,309	6.24	(466,976)	269,333	2.40
Non performing loans	620,954	5.26	(447,289)	173,665	1.55
Impaired loans	90,947	0.77	(17,851)	73,096	0.65
Restructured loans.....	—	—	—	—	—
Past due loans	24,408	0.21	(1,836)	22,572	0.20
Performing loans.....	11,068,578	93.76	(118,358)	10,950,220	97.60
TOTAL	11,804,887	100.00	(585,334)	11,219,553	100.00

Loans to customers as at 31 December 2009 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	506,023	4.49	(307,999)	198,024	1.82
Non performing loans	395,953	3.51	(284,445)	111,508	1.03
Impaired loans	82,781	0.73	(21,144)	61,637	0.57
Restructured loans.....	—	—	—	—	—
Past due loans	27,289	0.24	(2,410)	24,879	0.23
Performing loans.....	10,766,547	97.51	(109,235)	10,657,312	98.18
TOTAL	11,272,570	100.00	(417,234)	10,855,336	100.00

Funding

The following table presents the sources of the B@nca 24-7's funding as at 31 December 2010 and 2009.

Figures in thousands of Euro	31.12.2010	31.12.2009
Due to customers	23,861	27,334
Due to Banks (mainly to UBI Banca)	7,857,016	7,956,009
Securities in issue (mainly underwritten by UBI Banca)	4,320,997	4,349,147
TOTAL	12,201,874	12,332,490

Direct funding from customers	31.12.2010	%	31.12.2009	%
Current accounts and deposits	6,263	26.24%	9,888	36.17%
Time deposits	4,121	17.27%	2,500	9.15%
Other payables	13,477	56.49%	14,946	54.68%
TOTAL	23,861	100.00%	27,334	100.00%

Board of Directors

The Board of Directors of B@nca 24–7 S.p.A. presently consists of the following persons:

Name	Position
Gian Cesare Toffetti.....	Chairman
Cesare Castelli	Deputy Chairman
Rossella Leidi	Director
Mario Masini	Director
Sergio Levico.....	Director
Giorgio Frigeri	Director
Elisabetta Rizzotti	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of B@nca 24–7 for the year ending 31 December 2012.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Pecuvio Rondini.....	Chairman
Alberto Carrara	Acting Auditor
Giorgio Luigi Guatri	Acting Auditor
Antonio Amaduzzi	Alternate Auditor
Ferruccio Rota Sperti	Alternate Auditor

General Management

Name	Position
Marco Castelli.....	General Manager

Auditors

The current independent auditors of B@nca 24–7 are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2014.

Share capital and shareholders

B@nca 24–7 S.p.A. presently has an issued and fully paid-up share capital of Euro 316,800,000, consisting of 316,800,000 ordinary shares with a nominal value of Euro 1.00 each.

B@nca 24–7 S.p.A.'s shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2010).

Employees

As at 31 December 2010, B@nca 24–7 S.p.A. has 227 employees, actually in service ("Dipendenti effettivi in servizio"), compared to 204 employees actually in service, as at the previous year end.

Annual Financial Statements

The annual financial statements incorporated by reference in this Prospectus have been prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005, as amended and supplemented, and related transitional regulations in Italy ("**IFRS**") and have been audited by KPMG S.p.A., whose reports are attached to such financial statements. Any of these financial information do not form part of this Prospectus.

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	22	13
Financial assets held for trading.....	—	—

(In thousands of Euro)	31.12.2010	31.12.2009
Available-for-sale financial assets	382	352
Loans to banks	99,322	97,220
Loans to customers	11,219,553	10,855,336
Hedging derivatives	1,152	9,317
Change in fair value change of hedged financial assets (+/-)	191,669	131,510
Share	770	770
Property, plant and equipment	251	219
Intangible assets	3	—
Tax assets	115,772	83,009
(a) <i>current</i>	8,212	5,005
(b) <i>deferred</i>	107,560	78,003
Other assets	1,328,673	1,943,608
Total assets	12,957,569	13,121,354
Liabilities and Shareholders' Equity		
Due to banks	7,857,016	7,956,009
Due to customers	23,861	27,334
Securities issued	4,320,997	4,349,147
Financial liabilities held for trading	—	—
Hedging derivatives	208,938	172,983
Tax liabilities:	10,044	8,880
(a) <i>current</i>	10,023	8,812
(b) <i>deferred</i>	21	68
Other liabilities	182,557	255,600
Staff severance provisions	1,033	1,012
Provisions for liabilities and charges:	10,668	2,231
(a) <i>other provisions</i>	10,668	2,231
Reserves	4,872	4,252
Share issue premium	26,506	76,500
Capital	316,800	316,800
Profit for the year (+/-)	(5,723)	(49,394)
Total liabilities and shareholders' equity	12,957,569	13,121,354
INCOME STATEMENT		
(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income	538,997	535,950
Interest expense and similar	(338,544)	(361,535)
Net interest income	200,453	174,415
Commission income	51,998	61,065
Commission expenses	(34,364)	(35,273)
Net commission	17,634	25,792
Dividends and similar income	—	2
Net profit (loss) from trading	(35,721)	(10,817)
Net profit (loss) from hedging	11,684	(20,941)
Profit (losses) from disposal or repurchase of:	—	—
(a) <i>loans</i>	—	—
Gross income	194,050	168,451
Net impairment losses on:	(149,833)	(184,877)
(a) <i>loans</i>	(149,833)	(184,877)
Net financial operating income	44,217	(16,426)
Administrative expenses	(64,553)	(70,242)
(a) <i>staff costs</i>	(13,339)	(12,775)
(b) <i>other administrative expenses</i>	(51,214)	(57,466)
Net provisions for liabilities and charges	(8,912)	(2,131)
Net impairment losses on property, plant and equipment	(51)	(24)
Net impairment losses on intangible assets	(1)	(87)
Other operating income (expense)	35,276	32,634
Operating costs	(38,241)	(39,849)
Profit (loss) on continuing operations before tax	5,976	(56,275)
Taxes on income for the period for continuing operations	(11,699)	6,881
Profit (loss) after tax on continuing operations	(5,723)	(49,394)
Profit (loss) for the year	(5,723)	(49,394)

UBI Banca Private Investment S.p.A.

UBI Banca Private Investment is a bank providing financial advisory and private banking services. It is 100 per cent. owned by UBI Banca. It was formed through the merger by incorporation, effective 1 January 2008, of UBI Società di Intermediazione Mobiliare S.p.A. into Banca Lombarda Private Investment S.p.A. The bank operates through a distribution network of about 800 financial advisors.

The Head Office and General Management of the Bank are located in Via Cefalonia, 74, Brescia (Italy). UBI Banca Private Investment S.p.A.'s fiscal code and registration number in the Company Registry of Brescia is 00485260459 and its VAT number is 02458160245; the company is part of the UBI Banca Group, registered under number 3111.2 in the Bank of Italy's Banking Groups' Registry.

Business object

According to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050 but may be extended. Its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. The company may issue bonds in accordance with laws and regulations.

Lending

Composition of loans to customers (In thousands of Euro)

	31.12.2010	%	31.12.2009	%
Current accounts	23,327	5.31	18,488	4.57
Mortgage loans	391,920	89.17	361,663	89.38
Credit cards, personal loans and salary-backed loans.....	6,725	1.53	8,860	2.19
Other transactions	17,539	3.99	15,611	3.86
TOTAL	439,511	100.00	404,622	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2010 and 2009.

Loans to customers as at 31 December 2010 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	16,272	3.66	(3,242)	13,030	2.96
Non performing loans	8,125	1.83	(2,973)	5,152	1.17
Impaired loans	6,162	1.39	(265)	5,897	1.34
Past due loans	1,985	0.44	(4)	1,981	0.45
Performing loans.....	427,814	96.34	(1,333)	426,481	97.04
TOTAL	444,086	100.00	(4,575)	439,511	100.00
Loans to customers as at 31 December 2009 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	15,816	3.87	(2,704)	13,112	3.24
Non performing loans	5,369	1.31	(2,216)	3,153	0.78
Impaired loans	3,915	0.96	(375)	3,540	0.87
Past due loans	6,532	1.60	(113)	6,419	1.59
Performing loans.....	393,021	96.13	(1,511)	391,510	96.76
TOTAL	408,837	100.00	(4,215)	404,622	100.00

Funding

The following table presents the sources of the Bank's funding as at 31 December 2010 and 2009.

Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Due to customers	489,429	100.00	551,000	86.60

Figures in thousands of Euro	31.12.2010	%	31.12.2009	%
Securities in issue.....	-	-	85,253	13.40
TOTAL	489,429	100.00	636,253	100.00

Direct funding from customers	31.12.2010	%	31.12.2009	%
Current accounts and deposits.....	472,236	96.49	523,495	95.01
Time deposits.....	205	0.04	215	0.04
Financing	9,239	1.89	21,350	3.87
<i>Negative Repurchase agreement</i>	7,951	1.63	21,350	3.87
<i>Others</i>	1,288	0.26	-	-
Other payables	7,749	1.58	5,940	1.08
TOTAL	489,429	100.00	551,000	100.00

UBI Private Investment's Board of Directors, Statutory Board of Auditors and Management

Board of Directors

The Board of Directors of UBI Banca Private Investment S.p.A. presently consists of the following persons:

Name	Position
Mario Comana	Chairman
Giovanni Lecchi.....	Deputy Chairman
Antonio Bertoni	Director
Gianluca Bisognani.....	Director
Giancesare Toffetti	Director
Luigi Venturati.....	Director
Francesco De Vecchi	Director
Elizabeth Rizzotti.....	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca Private Investment for the year ending 31 December 2011.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Giulio Castelli	Chairman
Leonardo Lanzani	Acting Auditor
Antonio Minervini	Acting Auditor
Sergio Comincioli	Alternate Auditor
Caludio Uberti	Alternate Auditor

General Management

Name	Position
Cesare Colombi	General Manager

Auditors

The auditors of UBI Banca Private Investment S.p.A. are Reconta Ernst & Young S.p.A., appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2010, UBI Banca Private Investment has a 1.48 per cent. stake in UBI Sistemi e Servizi S.c.p.A.

Share capital and shareholders

According to Article 4 of its by-Laws, UBI Banca Private Investment has issued and fully paid-up capital of Euro 67,950,000 consisting of 22,650,000 shares with a nominal value of Euro 3.00 each.

UBI Banca Private Investment shares are unlisted and fully owned by UBI Banca (as at 31 December 2010).

Employees

As at 31 December 2010, UBI Banca Private Investment has 167 employees actually in service (*“Dipendenti effettivi in servizio”*), compared to 174 employees actually in service, as at the previous year end.

Financial Information

The following tables set out non consolidated balance sheet and income statement information relating to UBI Banca Private Investment. Such information is derived from the separate financial statements of UBI Banca Private Investment as at and for the year ended 31 December 2010, which are publicly available (in Italian only) on the website of UBI Banca Private Investment (www.ubibancapi.it) as well as the separate financial statements as at the year ended 31 December 2009. The financial statements are prepared in accordance with IFRS. For the avoidance of doubt, neither the website nor the financial statements of UBI Banca Private Investment forms part of this Prospectus. The main financial information is the following:

BALANCE SHEET

(In thousands of Euro)	31.12.2010	31.12.2009
Assets		
Cash and cash equivalents.....	2,870	3,731
Financial assets held for trading.....	5	25
Loans to banks	233,304	287,628
Loans to customers	439,511	404,622
Hedging derivatives	26	267
Change in fair value of hedged financial assets.....	2,802	1,475
Equity investments.....	783	857
Property, plant and equipment	2,028	2,452
Intangible assets	30,671	30,671
of which goodwill:.....	30,671	30,671
Tax assets.....	2,997	4,049
(a) <i>current</i>	1,129	1,806
(b) <i>deferred</i>	1,868	2,242
Other assets.....	10,225	8,373
Total assets	725,221	744,150
Liabilities and Shareholders' Equity		
Due to banks	134,536	4,846
Due to customers	489,429	551,000
Securities issued.....	-	85,253
Financial liabilities held for trading	4	9
Hedging derivatives	6,059	4,493
Tax liabilities:	1,652	1,499
(a) <i>current</i>	815	959
(b) <i>deferred</i>	837	539
Other liabilities	12,355	15,469
Staff severance provisions	746	816
Provisions for liabilities and charges:	3,828	4,177
(b) <i>other provisions</i>	3,828	4,177
Valuation reserve	(107)	(72)
Reserves.....	8,712	12,586
Share issue premium.....	67,950	67,950
Profit for the year.....	57	(3,874)
Total liabilities and shareholders' equity	725,221	744,150

INCOME STATEMENT

(In thousands of Euro)	31.12.2010	31.12.2009
Interest and similar income	14,191	19,863
Interest expense and similar	(7,438)	(11,300)
Net interest income	6,753	8,564
Commission income	71,592	63,524

(In thousands of Euro)	31.12.2010	31.12.2009
Commission expenses	(42,177)	(37,761)
Net commission income	29,415	25,762
Dividends and similar income	72	73
Net profit (loss) from trading activities	(1,534)	(195)
Net profit (loss) from hedging activities	23	(448)
Profit (loss) from disposal or repurchase of:	5	6
(d) <i>financial liabilities</i>	5	6
Gross income	34,734	33,763
Net impairment losses on:	(437)	(1,698)
(a) <i>loans</i>	(404)	(1,696)
(d) <i>other financial transactions</i>	(33)	(2)
Net financial operating income	34,297	32,065
Administrative expenses	(34,651)	(35,080)
(a) <i>staff costs</i>	(13,204)	(14,068)
(b) <i>other administrative expenses</i>	(21,446)	(21,012)
Net provisions for liabilities and charges	206	(1,606)
Net impairment losses on property, plant and equipment	(777)	(982)
Net impairment losses on intangible assets	-	(4)
Other operating income (expense)	1,527	1,574
Operating costs	(33,694)	(36,098)
Profit (loss) of equity investments	469	
Profit (loss) from continuing operations before tax	1,071	(4,032)
Taxes on income for the period for continuing operations	(1,014)	158
Profit (loss) from after tax	57	(3,874)
Profit (loss) for the period	57	(3,874)

OVERVIEW OF THE TRANSACTION DOCUMENTS

Covered Bond Guarantee

On 30 July 2008, the Guarantor, the Issuer and the Representative of the Covered Bondholders entered into the Covered Bond Guarantee pursuant to which the Guarantor agreed to issue, for the benefit of the Covered Bondholders and the Other Issuer Creditors, a first demand, unconditional, irrevocable and autonomous guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and other payments due to the Other Issuer Creditors. Under the Covered Bond Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become due and payable but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree 310 and the Bank of Italy Regulations.

The Representative of the Covered Bondholders will enforce the Covered Bond Guarantee: (i) following the occurrence of an Issuer Event of Default and subject to any applicable grace periods, by serving an Issuer Default Notice on the Issuer and the Guarantor; and (ii) following the occurrence of a Guarantor Event of Default and subject to any applicable grace periods, by serving a Guarantor Default Notice on the Guarantor.

Following the service of an Issuer Default Notice by the Representative of the Covered Bondholders, payment of the Guaranteed Amounts shall be made by the Guarantor on the dates scheduled and for the amounts determined in accordance with the Guarantee Priority of Payments.

Under the Covered Bond Guarantee, the parties have agreed that, should a resolution pursuant to article 74 of the Consolidated Banking Act be issued in respect of the Issuer, although such event constitutes an Issuer Event of Default, the consequences thereof will only apply during the Suspension Period. Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree 310, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the Suspension Period at their relevant due date *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor of an Article 74 Event Cure Notice, informing such parties that the Article 74 Event has been revoked.

Upon the termination of the Suspension Period the Issuer shall again be responsible for meeting the payment obligations under the Covered Bonds.

Under the Covered Bond Guarantee, the parties thereto have also agreed that, upon enforcement of the Covered Bond Guarantee, the Guarantor shall be entitled to request from the Issuer — also prior to any payments are effected by the Guarantor under the Covered Bond Guarantee — an amount up to the Guaranteed Amounts, in order to secure the Issuer obligations to the subrogation right of the Guarantor. Any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee. The parties have also agreed that the Guarantor shall no longer be entitled request to the Issuer payment of such amounts if a Guarantor Default Notice is delivered by the Representative of the Covered Bondholders or the Covered Bonds have been otherwise accelerated pursuant to the Conditions.

The service of a Guarantor Default Notice by the Representative of the Covered Bondholders will result in the acceleration of the right of the Covered Bondholders of each Series of Covered Bonds issued to receive payment of the Guaranteed Amounts and the Representative of the Covered Bondholders will demand the immediate payment by the Guarantor of all Guaranteed Amounts. Payments made by the Guarantor following the service of a Guarantor Event of Default shall be made *pari passu* and on a *pro-rata* basis to the Covered Bondholders of all outstanding Series of Covered Bonds, in accordance with the Post-Enforcement Priority of Payments.

Pursuant to the terms of the Covered Bond Guarantee, the recourse of the Covered Bondholders and the Other Issuer Creditors to the Guarantor under the Covered Bond Guarantee will be limited to the Guarantor Available Funds.

Furthermore, under the Covered Bond Guarantee, the parties have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer or following the delivery of an Issuer Default Notice to the Issuer and the Guarantor, the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 4 of the Decree 310, the rights of the Covered Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Covered Bond Guarantee, the Guarantor will be fully and automatically subrogated to the Covered Bondholders' and Other Issuer Creditors' rights against the Issuer pursuant to article 2900 *et seq.* of the Italian Civil Code.

Governing law

The Covered Bond Guarantee is governed by Italian law.

Subordinated Loan Agreements

On or about the date of the relevant Master Loans Purchase Agreement, each Seller and the Guarantor entered, or will enter, into a Subordinated Loan Agreement, as amended from time to time, pursuant to article 7-*bis* of the Securitisation and Covered Bond Law under which each Seller granted or will grant to the Guarantor a term loan facility in an aggregate amount equal to the relevant Total Commitment, for the purposes of funding the purchase by the Guarantor of (i) Eligible Assets from the relevant Seller pursuant to the terms of the relevant Master Loans Purchase Agreement and (ii) Eligible Asset and/or Top-Up Assets from the relevant Seller pursuant to the terms of the Cover Pool Management Agreement.

Pursuant to the relevant Subordinated Loan Agreement, each Subordinated Lender has acknowledged its undertakings (i) pursuant to the Cover Pool Management Agreement, to transfer further Eligible Assets and/or Top-Up Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Loans Purchase Agreement, to make available to the Guarantor further Term Loans in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the relevant Master Loans Purchase Agreement.

The obligation of each Seller (in its capacity as Subordinated Lender) to advance a Term Loan to the Guarantor under the relevant Subordinated Loan Agreement will be off-set against the obligation of the Guarantor to pay to the relevant Seller the purchase price for the Eligible Assets and Top-Up Assets funded by means of the relevant Term Loan.

The rate of interest applicable in respect of each Term Loan for each Loan Interest Period shall be an amount of interest equal to 0.001 per cent. per annum (the "**Base Interest**"). On each Guarantor Payment Date and subject to the relevant Subordinated Lender having paid to the Guarantor any shortfall amount pursuant to clause 5.4 of the relevant Subordinated Loan Agreement, the Guarantor will pay to the Subordinated Lender, in addition to the Base Interest, the amount of the Premium, if any, payable to such Subordinated Lender on the relevant Guarantor Payment Date in accordance with the applicable Priority of Payments and the terms of the relevant Subordinated Loan Agreement.

Interest and Premium, if any, payable in respect of a Term Loan shall be payable on each Guarantor Payment Date following the Drawdown Date of that Term Loan, subject to the relevant Priority of Payments.

Prior to the delivery of an Issuer Default Notice, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the Pre Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, provided that such repayment does not result in a breach of any of the Tests or the Relevant Portfolio Test.

Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds subject to the repayment in full (or, prior to the service of a Guarantor Default Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds.

Governing law

Each Subordinated Loan Agreement is governed by Italian law.

Master Loans Purchase Agreements

On 30 June 2008 each Seller and the Guarantor entered into the Master Loans Purchase Agreements, as amended from time to time, pursuant to which, each Seller will assign and transfer to the Guarantor, and the Guarantor will purchase, without recourse (*pro soluto*) from the relevant Seller, an Initial Portfolio and New Portfolios of Eligible Assets and Top-Up Assets that shall form part of the Cover Pool, in accordance with articles 4 and 7-bis of the Securitisation and Covered Bond Law and article 2 of Decree 310.

Under each Master Loans Purchase Agreement, upon satisfaction of certain conditions set out therein, the relevant Seller (i) may or shall, as the case may be, assign and transfer, without recourse (*pro soluto*), to the Guarantor and the Guarantor shall purchase, without recourse (*pro soluto*) from the relevant Seller, New Portfolios which shall form part of the Cover Pool held by the Guarantor, if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests or with the 15 per cent threshold limit with respect to Top-Up Assets provided for by Decree 310 and the Bank of Italy Regulations; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from each Seller such New Portfolios, in order to supplement the Cover Pool in connection with the issuance of further Series of Covered Bonds under the Programme in accordance with the Programme Agreement.

In addition to (i) and (ii) above, under the terms and subject to the conditions of the Master Loans Purchase Agreement, prior to the delivery to the Issuer and the Guarantor of an Issuer Default Notice, each Seller may transfer New Portfolios to the Guarantor, which will fund the purchase price thereof through the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account.

The Purchase Price payable for the Initial Portfolio has been determined pursuant to each Master Loans Purchase Agreement. Under each Master Loans Purchase Agreement the relevant parties thereto have acknowledged that the Purchase Price for the Initial Portfolio shall be funded through the proceeds of the first Term Loan under the relevant Subordinated Loan Agreement. The Purchase Price for each New Portfolio will be equal to the aggregate amount of the Individual Purchase Price of all Receivables comprised in such New Portfolio as at the relevant Transfer Date.

The parties to each Master Loans Purchase Agreement have agreed that, within 31 December of the year in which the transfer of any Portfolio is carried out, the Seller may rectify the Purchase Price of the relevant Portfolio for the purpose of taking into account any supervened circumstances, a change in the generally accepted interpretation of Article 7-bis, sub-paragraph 7 of the Securitisation and Covered Bond Law or different evaluation made by the Seller in relation to the calculation of such Purchase Price. To this purpose the Seller has undertaken to notify the Guarantor with the rectified amount of the Purchase Price of the relevant Portfolio and to deliver to the Guarantor a substitute list of Mortgage Loans updated to the extent necessary for the purpose of adjusting the information contained therein in relation to the different evaluations utilised by the Seller in order to determine the rectified amount of the Purchase Price of such Portfolio. In case the Seller will opt for the above rectification option, the necessary settlements will be made by increasing or reducing, as the case may be, the amounts already paid as Purchase Price and the relevant Term Loan made available by the Seller pursuant to the Subordinated Loan Agreement, *provided that* in case such settlements give rise to the Guarantor obligation to pay an amount in excess of the relevant Portfolio Purchase Price, such further amount will be financed through the proceeds of an appropriate Term Loan to be made available by the relevant Seller as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement and the Guarantor's payment obligations for such further amount will be off-set with the Seller's obligations to fund the relevant Term Loan.

In case the Purchase Price is paid with the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account and, upon the settlement procedure set out above, the Guarantor is required to pay amounts to the Seller in excess of the Purchase Price already paid, such amounts will be deducted from the amounts due to the relevant Seller as repayment of the outstanding Term Loans and, to the extent no such amounts are available, through the proceeds of an appropriate Term Loan to be made available by the relevant Seller as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

Each initial Seller has sold to the Guarantor, and the Guarantor has purchased from such Seller, the Receivables comprised in the Initial Portfolio, which meet the Common Criteria and the relevant Specific Criteria (both as described in detail in the section headed "*Description of the Cover Pool*"). Receivables comprised in any New Portfolio to be transferred under the relevant Master Loans Purchase Agreement shall meet, in addition to the Common Criteria, the relevant Specific Criteria and/or any Further Criteria.

Pursuant to each Master Loans Purchase Agreement, prior to the occurrence of an Issuer Event of Default, the relevant Seller will have the right to repurchase individual Receivables (including Defaulted Receivables) transferred to the Guarantor under the Master Loans Purchase Agreement.

After the service of an Issuer Default Notice, the Guarantor will, prior to disposing of the Eligible Assets or Top-Up Assets pursuant to the terms of the Cover Pool Management Agreement, offer to sell the Eligible Assets to the relevant Seller at a price equal to the minimum purchase price of the relevant Eligible Assets as determined pursuant to the Cover Pool Management Agreement. If the Guarantor should subsequently propose to transfer such assets for a price lower than the minimum purchase price as determined pursuant to the Cover Pool Management Agreement, it shall again offer such assets to the relevant Seller on the same terms and conditions offered by such third parties before entering into a transfer agreement with the latter.

The transfer of the Initial Portfolio was made in accordance with article 58, subsections 2, 3 and 4 of the Consolidated Banking Act (as provided by article 4 of the Securitisation and Covered Bond Law). Notice of the transfer was published in the *Gazzetta Ufficiale della Repubblica Italiana*, Parte Seconda, number 77 of 1 July 2008, as rectified with publications on number 83 of 15 July 2008 and number 85 of 19 July 2008, and filed for publication in the companies register of Milan on 14 July 2008 and 21 July 2008.

Governing law

Each Master Loan Purchase Agreement is governed by Italian law.

Warranty and Indemnity Agreement

Pursuant to the Warranty and Indemnity Agreements entered into between each Seller and the Guarantor, each Seller has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Portfolio transferred and to be transferred by it pursuant to the relevant Master Loans Purchase Agreement, the Real Estate Assets over which the relevant Mortgages are established and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the relevant Portfolio.

Each Warranty and Indemnity Agreement contains representations and warranties given by the relevant Seller as to matters of law and fact affecting the relevant Seller including, without limitation, that the relevant Seller validly exists as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Each Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Portfolio to which it relates, including, *inter alia*, that, as of the date of execution of each Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the Criteria, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the relevant Seller in compliance with all applicable laws, rules and regulations.

Pursuant to each Warranty and Indemnity Agreement, the relevant Seller has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, any representation and warranty given by the Seller under or pursuant to the relevant Warranty and Indemnity Agreement being false, incomplete or incorrect.

Governing law

Each Warranty and Indemnity Agreement is governed by Italian law.

Master Servicing Agreement

On 30 June 2008, the Master Servicer, each Seller (in its capacity as Sub-Servicer and Service Provider) and the Guarantor entered into the Master Servicing Agreement, as amended from time to time, pursuant to which the Guarantor has appointed Unione di Banche Italiane S.c.p.A. as Master Servicer of the Receivables. The Master Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to the Securitisation and Covered Bond Law and will be responsible for the receipt of the Collections acting as agent (*mandatario con obbligo di rendiconto*) of the Guarantor. In such capacity, the

Master Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation and Covered Bond Law.

Pursuant to the Master Servicing Agreement the Master Servicer will transfer the interest and principal collections with respect to the Receivables credited to the Italian Collection Account pertaining to each Seller to, as appropriate, the relevant Luxembourg Interest Collection Account and Luxembourg Principal Collection Account held with the Luxembourg Account Bank within the immediately following Business Day.

Under the Master Servicing Agreement the Master Servicer has delegated each Seller, in its capacity as Sub-Servicer, to carry out on behalf of the Guarantor and in accordance with the Master Servicing Agreement and the Credit and Collection Policy the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor.

The Master Servicer will not be responsible for the actions undertaken by the Sub-Servicers which will be responsible for the fulfilment of the obligations undertaken by them under the Master Servicing Agreement on an individual basis and without joint liability.

Under the Master Servicing Agreement, the Guarantor has also directly appointed each Seller to act as Service Provider in order to carry out certain monitoring and reporting activities with respect to the Receivables transferred by the relevant Seller to the Guarantor. Each Service Provider has confirmed, in relation to its undertakings pursuant to the Master Servicing Agreement, its willingness to be the autonomous holder (*titolare autonomo del trattamento dei dati personali*) for the processing of personal data in relation to the Receivables, pursuant to the Privacy Law.

The Master Servicer has undertaken to deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Representative of the Covered Bondholders, the Principal Paying Agent and the Corporate Servicer, the Monthly Servicer's Report and the Quarterly Servicer's Report prepared on the basis of the information reported by each Seller as Service Provider.

The Master Servicer and each Service Provider have represented to the Guarantor that each has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Master Servicing Agreement in relation to the respective responsibilities.

The Guarantor has undertaken, also in accordance with the terms of the Intercreditor Agreement, to use reasonable endeavours to appoint a back-up Master Servicer within 45 days from the date on which the Master Servicer's long-term rating has been downgraded below "BBB-" from Fitch or "Baa3" from Moody's.

The Guarantor may terminate the Master Servicer's and each Service Provider's appointment and appoint a successor master servicer or service provider if certain events occur, namely:

- (a) with respect to the Master Servicer (each, a "**Master Servicer Termination Event**"):
 - (i) failure (not attributable to *force majeure*) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 10 Business Days following receipt of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
 - (ii) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 (ten) Business Days following receipt of written notice from the Guarantor (*provided that* a failure ascribable to any Sub-Servicers delegated by the Master Servicer shall not constitute a Master Servicer Termination Event);
 - (iii) an Insolvency Event occurs with respect to the Master Servicer;
 - (iv) it becomes unlawful for the Master Servicer to perform or comply with any of its obligations under the Master Servicing Agreement;
 - (v) the Master Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's Regulations for entities acting as servicers in the context of a covered bonds transaction;

- (b) with respect to each Service Provider (each, a "**Service Provider's Termination Event**"):
- (i) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 (ten) Business Days following receipt of written notice from the Guarantor;
 - (ii) an Insolvency Event occurs with respect to the Service Provider;
 - (iii) it becomes unlawful for the Service Provider to perform or comply with any of its obligations under the Master Servicing Agreement.

Governing law

The Master Servicing Agreement is governed by Italian law.

Programme Agreement

For a description of the Programme Agreement, see "*Subscription and Sale*".

Intercreditor Agreement

On 30 July 2008, the Guarantor and the Other Creditors entered into the Intercreditor Agreement, as amended from time to time. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Covered Bondholders will be entitled, in the interest of the Covered Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Transaction Documents.

In the Intercreditor Agreement the Other Creditors have agreed, *inter alia*: to the order of priority of payments to be made out of the Guarantor Available Funds; that the obligations owed by the Guarantor to the Covered Bondholders and, in general, to the Other Creditors are limited recourse obligations of the Guarantor; and that the Covered Bondholders and the Other Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Covered Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

Governing law

The Intercreditor Agreement is governed by Italian law.

Asset Monitoring Agreement

On 30 July 2008, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent and the Representative of the Covered Bondholders entered into the Asset Monitoring Agreement, whereby each of the Issuer and the Guarantor has appointed the Asset Monitor to perform the services set out therein — please see "*The Asset Monitor*" below.

The appointment by the Guarantor will become effective only subject to, and with effect from, the delivery of an Issuer Default Notice, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, the Asset Monitor will provide the services to the Guarantor up to the date on which the Representative of the Covered Bondholder will have delivered an Article 74 Event Cure Notice.

Pursuant to the Asset Monitoring Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of an Issuer Default Notice, to the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

In the Asset Monitoring Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Covered Bondholders and accepted that upon delivery of an Issuer Default Notice, it will

receive instructions from, provide its services to, and be liable vis-à-vis the Guarantor or the Representative of the Covered Bondholders on its behalf.

In addition, on or prior to each relevant date as set out in the Asset Monitoring Agreement, the Asset Monitor has undertaken to deliver to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer the Asset Monitor Report.

The Issuer or the Guarantor (as the case may be) may, until the occurrence of an Issuer Event of Default without any prior approval of the Representative of the Covered Bondholders and following the occurrence of an Issuer Event of Default with the prior approval of the Representative of the Covered Bondholders, revoke the appointment of the Asset Monitor, in either case by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants) written notice to the Asset Monitor (with a copy to the Representative of the Covered Bondholders). The Asset Monitor may resign from its appointment under the Asset Monitoring Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Asset Monitoring Agreement.

Governing law

The Asset Monitor Agreement is governed by Italian law.

Cash Allocation, Management and Payments Agreement

On 30 July 2008, the Guarantor, the Issuer, the Sellers (also in their capacity as Sub-Servicers and Service Providers), the Master Servicer, the Italian Account Bank, the Luxembourg Account Bank, the Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer and the Representative of the Covered Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Italian Collection Accounts, the Quota Capital Account and the Expenses Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) the Luxembourg Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Luxembourg Principal Collection Accounts, the Luxembourg Interest Collection Accounts and the Reserve Fund Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such accounts. In addition the Luxembourg Account Bank has agreed to provide the Guarantor with certain payment services pursuant to the terms of the Cash Allocation, Management and Payments Agreement;
- (iii) the Principal Paying Agent has agreed to provide the Guarantor (and, prior to the delivery of an Issuer Default Notice, the Issuer) with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement; and
- (iv) the Calculation Agent has agreed to provide the Guarantor with calculation services.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke its appointment of any Agent by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement.

Governing law

The Cash Allocation, Management and Payments Agreement is governed by Italian law.

Cover Pool Management Agreement

On 30 July 2008, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent, the Sellers and the Representative of the Covered Bondholders entered into the Cover Pool Management Agreement, as amended from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests with respect to the Cover Pool and the purchase and sale by the Guarantor of assets included in the Cover Pool.

Under the Cover Pool Management Agreement, starting from the Issue Date of the first Series of Covered Bonds and until the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms, each Seller (and failing the Seller to do so, the Issuer and, failing the Issuer, the other Seller(s)) has undertaken to procure that on any Calculation Date each of the Statutory Tests is met with respect to the Cover Pool. In addition, on each Calculation Date following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice (but prior to service of a Guarantor Default Notice) the Calculation Agent shall verify that the Amortisation Test is met with respect to the Cover Pool.

The Calculation Agent has agreed to prepare and deliver to Issuer, the Sellers, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor a report setting out the calculations carried out by it with respect of the Statutory Tests, the Amortisation Test and other information such as, *inter alia*, the Top-up Assets Limits (the "**Test Performance Report**"). Such Test Performance Report shall specify the amount of Top-Up Assets in relation to each Seller, the occurrence of a breach of the Statutory Tests and/or of the Amortisation Test and the Portfolio with respect to which a shortfall has occurred, identified on the basis of the Seller (or Sellers) which transferred it to the Guarantor (each, a "**Relevant Seller**").

If the Calculation Agent notifies the breach of any Test during the Test Grace Period, the Guarantor will purchase Eligible Assets and/or Top-Up Assets, to be transferred by (a) the Relevant Seller(s); and/or (b) upon the occurrence of the circumstances set out below, the Issuer; and/or (c) upon the occurrence of the circumstances set out below, the other Sellers, in an aggregate amount sufficient to ensure, also taking into account the information provided by the Calculation Agent in the Test Performance Report notifying the relevant breach, that as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool.

Each Seller has undertaken, to the extent it is identified as a Relevant Seller, to promptly deliver a written notice to the Guarantor, the Issuer and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor (the "**Relevant Seller Notice**"). To the extent that the Relevant Seller deems that the circumstances above will only prevent it from transferring to the Guarantor a part of the Eligible Assets and/or Top-Up Assets required, for the purpose of allowing the Issuer or, as appropriate, the other Seller(s) to determine the amount of Eligible Assets and Top-Up Assets to be transferred to remedy the breach of Tests, the Relevant Seller Notice shall specify the amount of Eligible Assets and Top-Up Assets that the Relevant Seller will not be able to transfer.

To the extent that, within 20 calendar days from the Calculation Date in which the breach of the Tests has occurred, the Issuer has received a Relevant Seller Notice from the Relevant Seller(s) or the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets to be transferred to remedy the Tests, the Issuer has undertaken to (a) transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool and (b) accordingly to promptly deliver a written notice, substantially in the form of the Relevant Seller Notice, to the Guarantor and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor.

To the extent that, within 25 calendar days from the Calculation Date in which the breach of the Tests has occurred, (a) the Issuer has received a Relevant Seller Notice from the Relevant Seller(s); or (b) the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets; and (i) the other Seller(s) have received a

notice substantially in the form of a Relevant Seller Notice from the Issuer; or (ii) the Guarantor has not received a contractual proposal by the Issuer in respect of such Eligible Assets and/or Top-Up Assets, the other Seller(s), jointly and severally, have undertaken to transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool.

The parties to the Cover Pool Management Agreement have acknowledged that, at any time prior to the delivery of an Issuer Default Notice, the aggregate amount of Top-Up Assets included in the Cover Pool may not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, pursuant to the combined provisions of Decree 310 and the Bank of Italy Regulations. In this respect, the Calculation Agent has undertaken to determine, on each Calculation Date, the amount of Top-Up Assets (including any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets already transferred to the Guarantor) forming part of the Cover Pool and to report such calculation in each Test Performance Report.

Should it result from any Test Performance Report that the aggregate amount of Top-Up Assets included in the Cover Pool is in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, then the Seller(s) in relation to which the aggregate amount of (i) Top-Up Assets transferred by such Seller(s) to the Guarantor and (ii) the Collections and Recoveries on the relevant Portfolio is in excess of 15 per cent. of the Outstanding Principal Balance of the relevant Portfolio (the "Relevant Top-Up Assets Excess") must, during the immediately following Calculation Period, transfer to the Guarantor New Portfolio(s) of Eligible Assets in an aggregate amount at least equal to the Relevant Top-Up Asset Excess; provided however that such transfer will not be necessary if the Relevant Top-Up Assets Excess has been cured in full on the Guarantor Payment Date immediately following the Calculation Date in which any such Test Performance Report has been delivered, upon repayment by the Guarantor of any Term Loan outstanding under the relevant Subordinated Loan Agreement in accordance with the Pre-Issuer Event of Default Principal Priority of Payments.

The purchase price of New Portfolio(s) of Eligible Assets so transferred will be financed (i) through the principal collections standing to the credit of the relevant Luxembourg Principal Collection Accounts, pursuant to Clause 3.4 of the relevant Master Loans Purchase Agreement or (ii) if the sums standing to the credit of the relevant Luxembourg Principal Collection Accounts are not sufficient to fund the purchase price of such New Portfolio(s) of Eligible Assets, through the proceeds of Term Loan(s) advanced by such Seller(s) to the Guarantor pursuant to the relevant Subordinated Loan Agreement.

The parties have also acknowledged and agreed that, if notwithstanding one or more Seller(s) having pursued the remedies set out in above, the aggregate amount of Top-Up Assets included in the Cover Pool is still in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, (a) the obligations to transfer New Portfolio(s) of Eligible Assets will be undertaken by the Issuer and/or the other Seller(s) (which for such purpose are deemed to be Relevant Seller(s)) in the circumstances set out above and (b) the obligations to fund the purchase price of such New Portfolio(s) of Eligible Assets will be funded as described below.

Following the delivery of an Issuer Default Notice on the Issuer and the Guarantor, any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets transferred to the Guarantor may then exceed the 15 per cent. limit of the aggregate Outstanding Principal Balance of the Cover Pool and the above provisions shall cease to apply, provided however that, should the Issuer Default Notice consist of an Article 74 Event, such provisions will again apply upon delivery of an Article 74 Cure Notice.

For the purpose of allowing the Guarantor to fund the purchases referred to above:

- (a) each Relevant Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such Relevant Seller, also acknowledging that the Total Commitment set out from time to time under the relevant Subordinated Loan Agreement shall not be a limitation with respect to the Relevant Seller's obligation to advance the Term Loans to the Guarantor in order to fund the purchase price for the relevant Eligible Assets and Top-Up Assets;
- (b) the Issuer has undertaken to advance a subordinated loan to the Guarantor on substantially the same terms as provided for under the Subordinated Loan Agreements in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by the Issuer; and

- (c) each other Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such other Seller.

The Guarantor will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the UBI Banca Group.

If, within the Test Grace Period, the relevant breach of the Tests is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Covered Bondholders will deliver:

1. an Issuer Default Notice to the Issuer and the Guarantor; or
2. a Guarantor Default Notice, if an Issuer Default Notice has already been served (*provided that*, should such Issuer Default Notice consist of an Article 74 Event, it has not served an Article 74 Event Cure Notice).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

After the service of an Issuer Default Notice on the Issuer and the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor will sell, refinance or otherwise liquidate the Eligible Assets and Top-Up Assets included in the Cover Pool, subject to the rights of pre-emption in favour of the Sellers to buy such Eligible Assets and, if applicable, Top-Up Assets pursuant to the relevant Master Loans Purchase Agreements, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Covered Bondholders will have delivered an Article 74 Event Cure Notice.

The Eligible Assets to be sold or liquidated will be selected from the Cover Pool by the Master Servicer on behalf of the Guarantor (any such Eligible Assets, together with any relevant Top-Up Assets, the "**Selected Assets**") and the proceeds from any sale of Selected Assets shall be credited to the Reserve Fund Account and applied as part of the Guarantor Available Funds in accordance with the applicable Priority of Payments. The Selected Assets shall be selected on a random basis and so to ensure that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Outstanding Principal Amount of all Series of Covered Bonds remains unaltered both prior to and following the sale or liquidation of the relevant Selected Assets and repayment of the Earliest Maturing Covered Bonds.

Before offering Selected Assets for sale or liquidating them, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance in an amount which is as close as possible to:

1. the Outstanding Principal Amount in respect of the Earliest Maturing Covered Bonds, multiplied by 1+ Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365); *minus*
2. amounts standing to the credit of the Luxembourg Principal Collection Accounts; *minus*
3. the principal amount of any Top-Up Assets consisting of deposits,

excluding, with respect to items 1 and 2 above, all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the applicable Priority of Payments (the "**Required Outstanding Principal Balance**").

The Guarantor will offer the Selected Assets for sale or liquidate them for the best price or proceeds reasonably available but in any event for an amount not less than the Required Outstanding Principal Balance (the "**Required Outstanding Principal Balance Amount**").

If the Selected Assets have not been sold or otherwise liquidated in an amount equal to the Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale or liquidate them for the best

price reasonably available notwithstanding that such amount may be less than the Required Outstanding Principal Balance Amount.

With respect to any sale or liquidation to be carried out, the Guarantor shall instruct the Portfolio Manager (as defined below) — to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds — to sell or liquidate any Top-Up Assets included in the Cover Pool before any Eligible Assets are sold in accordance herewith.

The Guarantor may offer for sale or otherwise liquidate part of any portfolio of Selected Assets (a "**Partial Portfolio**"). Except in certain circumstances described in the Cover Pool Management Agreement, the sale price or liquidation proceeds of the Partial Portfolio (as a proportion of the Required Outstanding Principal Balance Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Assets.

Upon the occurrence of an Issuer Event of Default, the Guarantor will through a tender process (to be carried out by the Guarantor Corporate Servicer on behalf of the Guarantor) appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best proceeds for the sale or liquidation of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale to purchasers (except where a Seller is buying the Selected Assets in accordance with its right of pre-emption under the Master Loans Purchase Agreement) or liquidation of the Selected Assets. The terms of the agreement giving effect to the appointment in accordance with such tender, as well as the terms and conditions of the sale of the Selected Assets, shall be approved by the Representative of the Covered Bondholders (which may, but will never be obliged to, seek instructions from the Covered Bondholders to this end, in accordance with the Transaction Documents and the Rules of the Organisation of the Covered Bondholders).

Following the delivery of an Issuer Default Notice consisting of an Article 74 Event, the obligation of the Guarantor to sell or liquidate Selected Assets, as described above, shall cease to apply starting from the date on which the Representative of the Covered Bondholders delivers to the Issuer, the Sellers, the Guarantor and the Asset Monitor an Article 74 Event Cure Notice in accordance with the provisions of the Covered Bond Guarantee.

Following the delivery by the Representative of the Covered Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or liquidate all assets included in the Cover Pool in accordance with the procedures described above and the proceeds thereof will be applied as Guarantor Available Funds, *provided that* the Guarantor (or, in the absence, the Representative of the Covered Bondholders) will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale or liquidation is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

Governing law

The Cover Pool Management Agreement is governed by Italian law.

The Swap Agreements

Liability Swap Agreements

The Guarantor may enter into one or more Liability Swap Agreements on each Issue Date with one or more Liability Swap Providers to hedge certain interest rate, currency and other risks in respect of amounts payable by the Guarantor in respect of the Series of Covered Bonds issued on that Issue Date. The aggregate notional amount of the Liability Swap Agreements entered into on each Issue Date shall be linked to the Outstanding Principal Amount of the relevant Series of Covered Bonds.

Under the Liability Swap Agreements, on each monthly Floating Rate Payer Payment Date following the delivery of an Issuer Default Notice, it is expected that the Guarantor will pay to the Liability Swap Provider an amount linked to EURIBOR plus a margin. In return, it is anticipated that the Liability Swap Provider(s) will pay to the Guarantor, on each Interest Payment Date in respect of the relevant Series of Covered Bonds, an amount calculated by reference to the notional amount multiplied by a rate linked to the interest rate applicable to the relevant Series of Covered Bonds.

Each Liability Swap Agreement is scheduled to terminate on the date corresponding to the Maturity Date of the Covered Bonds of the relevant Series and may or may not take account of any extension of the Maturity Date under the terms of such Covered Bonds as specified in the relevant Liability Swap Agreement.

Asset Swap Agreements

Some of the Mortgage Loans in the portfolio purchased by the Guarantor from each Seller from time to time will pay a variable rate of interest and other Mortgage Loans will pay a fixed rate of interest. The Guarantor will enter into an Asset Swap Agreement with each Seller at the time it joins the Programme in its capacity as Asset Swap Provider to ensure that it has sufficient funds to meet its monthly payment obligations and hedge variations between the rate of interest payable on Mortgage Loans in the portfolio purchased from that Asset Swap Provider as Seller and EURIBOR.

The notional amount of each Asset Swap Agreement shall be the Weighted Average Balance of the Mortgage Loans in the portfolio purchased by the Guarantor from the relevant Asset Swap Provider during each calculation period. The Guarantor shall pay to the Asset Swap Provider on monthly payment dates the interest proceeds it has received on the portfolio (both fixed and floating) as specified in the Monthly Master Servicers' Report most recently delivered and will receive on such monthly payment dates one-month EURIBOR plus a margin.

Any Asset Swap Provider that does not have the adequate rating shall have its obligations to the Guarantor under the Asset Swap Agreement to which it is party guaranteed by the Issuer.

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the rating(s) of a Swap Provider or its credit support provider are downgraded by a Rating Agency below the rating(s) specified in the relevant Swap Agreement (in accordance with the criteria of the Rating Agencies), then such Swap Provider will, in accordance with the relevant Swap Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under the Swap Agreement, or
- (b) arranging for its obligations under the relevant Swap Agreement to be transferred to an entity with the ratings required by the relevant Rating Agency in order to maintain the rating of the Covered Bonds, or
- (c) procuring another entity, with the ratings meeting the relevant Rating Agency's criteria in order to maintain the rating of the Covered Bonds, to become co-obligor or guarantor in respect of such Swap Providers obligations under the Swap Agreement, or
- (d) taking such other action *provided that* it will not adversely affect the ratings of the then outstanding Series of Covered Bonds.

A failure by the relevant Swap Provider to take such steps within the time periods specified in the Swap Agreement will allow the Guarantor to terminate the relevant Swap Agreement(s).

Additional Termination Events

A Swap Agreement may also be terminated early in certain other circumstances, including:

- (a) at the option of either party to the Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement, *provided that* this additional termination event will not apply if the failure to pay any amounts due under such Swap Agreement is due to the non-availability of Guarantor Available Funds;
- (b) upon the occurrence of an insolvency of either party to the Swap Agreement, or its credit support provider (if any), or the merger of one of the parties without an assumption of the obligations under the relevant Swap Agreement;
- (c) there is a change of law or change in application of any relevant law which results in the Guarantor or the Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under the Swap Agreement and the Swap Provider thereby being required under the terms of the Swap Agreement to gross up payments made to the

Guarantor, or to receive net payments from the Guarantor (which is not required under the terms of the Swap Agreement to gross up payments made to the Swap Provider); and

- (d) there is a change in law which results in the illegality of the obligations to be performed by either party under the Swap Agreements.

The following are also expected to constitute additional termination events with respect to the Guarantor in all the Swap Agreements:

- (i) amendment to the Transaction Documents without consent of the relevant Swap Provider when the amendment is materially adverse to the Swap Provider;
- (ii) in respect of any Liability Swap Agreement, redemption and prepayment of any relevant Series of Covered Bonds;
- (iii) in respect of any Liability Swap Agreement, purchase and cancellation of any relevant Series of Covered Bonds; and
- (iv) in respect of any Asset Swap Agreements, sale of any of the Mortgage Loans.

Upon the termination of a Swap Agreement, the Guarantor or the Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement. The amount of this termination payment will be calculated and may be made in Euro or, if applicable, the currency of the related Series of Covered Bonds if issued in a currency other than Euro.

Swap Agreement Credit Support Document

The Guarantor will also be required to enter into with each Swap Provider a credit support document in the form of the ISDA 1995 Credit Support Annex (Transfer-English Law) to the ISDA Master Agreement (each, a "**Swap Agreement Credit Support Document**"). The Swap Agreement Credit Support Document will provide that, from time to time, if required to do so following its downgrade or the downgrade of its credit support provider and subject to the conditions specified in the Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the Guarantor in support of its obligations under the Swap Agreement (the "**Swap Collateral**") and the Guarantor will be obliged to return equivalent collateral in accordance with the terms of the Swap Agreement Credit Support Document. Each Swap Agreement Credit Support Document will be governed by English Law.

Swap Collateral required to be posted by the relevant Swap Provider pursuant to the terms of the Swap Agreement Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated a "**Swap Collateral Cash Account**" and securities will be transferred to an account designated a "**Swap Collateral Custody Account**". References to a Swap Collateral Cash Account or to a Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Guarantor.

If a Swap Collateral Cash Account and/or a Swap Collateral Custody Account are opened, cash and securities (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the Swap Agreement Credit Support Document.

Any Swap Collateral will be returned by the Guarantor to the relevant Swap Provider directly in accordance with the terms of the Swap Agreement Credit Support Document and not under the Priorities of Payments.

Withholding Tax

The Swap Provider will be obliged to make payments pursuant to the terms of the Swap Agreement without any withholding or deductions of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will, subject to certain conditions, be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Guarantor will equal the full amount the Guarantor would have received had no such withholding or deduction been required. The Guarantor is similarly obliged to make payments pursuant to the terms of the Swap Agreement without any withholding or deductions of taxes unless required by law. However, if any such withholding or deduction is required by law, the Guarantor will not be required to pay such additional amount as is necessary to ensure that the net amount

actually received by the Swap Provider will equal the full amount the Swap Provider would have received has no such withholding or deduction been required.

Transfer of Obligations

A Swap Provider may, at its own discretion and at its own expense, novate its rights and obligations under a Swap Agreement to any third party with the appropriate ratings, *provided that*, among other things, when the transferee is in a different jurisdiction from the transferor, such transfer to a third party Swap Provider will not adversely affect the ratings of any then outstanding relevant Series of Covered Bonds and such third party Swap Provider agrees to be bound by, *inter alia*, the terms of the security to which the relevant Swap Agreement is subject, on substantially the same terms as the Swap Provider.

Governing law

The Swap Agreements are governed by English Law.

Mandate Agreement

On 30 July 2008, the Guarantor and the Representative of the Covered Bondholders entered into a mandate agreement (the "**Mandate Agreement**"), pursuant to which the Representative of the Covered Bondholders shall be authorised, subject to a Guarantor Default Notice being delivered to the Guarantor or upon failure by the Guarantor to exercise its rights under the Transaction Documents and, subject to certain conditions, to exercise, in the name and on behalf of the Guarantor, in the interest of the Covered Bondholders and for the benefit of the Other Creditors all the Guarantor's right with reference to certain Transaction Documents.

Governing law

The Mandate Agreement is governed by Italian law.

Deeds of Pledge

Deed of Pledge

On 30 July 2008, the Guarantor and the Representative of the Covered Bondholders entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation and Covered Bond Law and the Deed of Charge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Issuer Deed of Pledge

On or about the Issue Date of the first Tranche of Covered Bonds issued under the Programme, the Issuer and the Guarantor will enter into the Issuer Deed of Pledge under which the Issuer has pledged in favour of the Guarantor all current and future monetary claims and rights (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Issuer is or will be entitled to from time to time pursuant to certain intercompany loan agreements entered into by itself as intercompany lender and each Seller which is or may from time to time become an intercompany borrower under such intercompany loan agreement. The security created pursuant to the Issuer Deed of Pledge is intended to secure all amounts that are or shall be due to the Guarantor by the Issuer, as a consequence of the enforcement of the Covered Bond Guarantee by way of *regresso* or *surrogazione* in accordance with article 1950 of the Italian Civil Code and will become enforceable upon the relevant secured obligations becoming due and payable as a consequence of the (i) delivery of an Issuer Default Notice on the Issuer and the Guarantor; (ii) enforcement of the Covered Bond Guarantee and (iii) payment by the Guarantor of any or all the Guaranteed Amounts to the Covered Bondholders and/or the Other Issuer Creditors.

Governing law

The Deed of Pledge and the Issuer Deed of Pledge are governed by Italian law.

Luxembourg Deed of Pledge

On 30 July 2008, the Guarantor and the Representative of the Covered Bondholders entered into the Luxembourg Deed of Pledge under which the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors any claim standing to the credit balance of the Luxembourg Accounts as well as any other claim the Guarantor may have against the Luxembourg Account Bank in relation to the Luxembourg Accounts regardless of the nature thereof and including, for the avoidance of doubt, any pecuniary claim for the payment of the relevant credit balance as well as any other pecuniary claim, regardless of the nature thereof in relation to the Luxembourg Accounts, including, for the avoidance of doubt, any pecuniary claim for the payment of the interests paid into the Accounts. The security created pursuant to the Luxembourg Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Governing law

The Luxembourg Deed of Pledge is governed by Luxembourg law.

Deed of Charge

On or about the date of the first issue of the Covered Bonds in respect of which a Swap Provider to the Guarantor is a non-Italian entity, the Guarantor will enter into the Deed of Charge with the Representative of the Covered Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation and Covered Bond Law and the Deeds of Pledge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor will assign in favour of the Representative of the Covered Bondholders as trustee for the Covered Bondholders and the Other Creditors all of its right, title, benefit and interest under the Swap Agreements as at that date and agree to create security over other swap agreements (excluding those entered into by Italian counterparties which will be subject to the Deed of Pledge) entered into by it from time to time thereafter.

Governing law

The Deed of Charge is governed by English law.

Corporate Services Agreement

The Guarantor Corporate Servicer and the Guarantor have entered into a corporate services agreement with the Guarantor Corporate Servicer on 30 July 2008 (the "**Corporate Services Agreement**"), pursuant to which the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor.

Governing law

The Corporate Services Agreement is governed by Italian law.

Quotaholders' Agreement

For a description of the Quotaholders' Agreement, see "*The Guarantor*".

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Covered Bondholders of an Issuer Default Notice on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of an Issuer Default Notice, service by the Representative of the Covered Bondholders of a Guarantor Default Notice on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Covered Bond Guarantee provides credit support;
- the Statutory Tests are periodically performed with the intention of ensuring that the Cover Pool is at all times sufficient to repay the Covered Bonds;
- the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds; and
- a Reserve Fund Account will be established which will build up over time using excess cash flow from Interest Available Funds and Principal Available Funds, in order to ensure that the Guarantor will have sufficient funds set aside to fulfil its obligation to pay interest accruing with respect to the Covered Bonds.

Certain of these factors are considered more fully in the remainder of this section.

Guarantee

The Covered Bond Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when they become due for payment in respect of all Covered Bonds issued under the Programme.

See "*Overview of the Transaction Documents — Covered Bond Guarantee*" above, as regards the terms of the Covered Bond Guarantee. See "*Cashflows — Guarantee Priority of Payments*" further, as regards the payment of amounts payable by the Guarantor to Covered Bondholders and the Other Issuer Creditors following the occurrence of an Issuer Event of Default.

Under the terms of the Cover Pool Management Agreement, each Relevant Seller (and failing which, the Issuer, failing which, the other Seller(s)) must ensure that, on each Calculation Date prior to service of an Issuer Default Notice, the Cover Pool is in compliance with the Tests described below. If on any Calculation Date the Cover Pool is not in compliance with the Tests, then the Sellers (and failing which, the Issuer, failing which, the other Seller(s)) will sell Eligible Assets or Top-Up Assets to the Guarantor for an amount sufficient to allow the Tests to be met on the next following Calculation Date, in accordance with the relevant Master Loans Purchase Agreements and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Relevant Seller(s), and/or the Issuer and/or the other Seller(s) (each only in respect of the Eligible Assets and/or Top-Up Assets transferred by it — see "*The Cover Pool Management Agreement*").

Statutory Tests

The Statutory Tests are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. In order to ensure that the statutory tests provided for under Article 3 of Decree 310 (the "**Statutory Tests**") are satisfied and that the Cover Pool is at all times sufficient to repay the Covered Bonds, each Seller (and failing the Seller to do so, the Issuer) must ensure that the three tests set out below are satisfied on each Calculation Date.

Nominal Value Test

The Calculation Agent shall verify that on each Calculation Date, the aggregate Outstanding Principal Balance of the Cover Pool shall be higher than or equal to the Outstanding Principal Amount of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date.

For the purpose of the above, the Calculation Agent shall consider the Outstanding Principal Balance of the Cover Pool as an amount equal to the "**Nominal Value**", which will be calculated on each Calculation Date, by applying the following formula:

$$A + B + C - Z$$

where,

"A" stands for the "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan, which shall be the lower of:

- (i) the Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, $M = 0.80$;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, $M = 0.60$; and
- (c) for all Mortgage Loans that are Defaulted Loans $M = 0$;

minus

the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool, if any of the following occurred during the previous Calculation Period:

- (1) a Mortgage Loan (or any security granted in relation thereto, the "**Related Security**") was, in the immediately preceding Calculation Period, in breach of the representations and warranties contained in the relevant Warranty and Indemnity Agreement or was subject to any other obligation of the relevant Seller to repurchase the relevant Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage Loans (each an "**Affected Loan**") of the relevant Debtor to the extent required by the terms of the Master Loans Purchase Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the relevant Calculation Date); and/or
- (2) the Issuer or any other Seller, in the preceding Calculation Period, was in breach of any other material warranty under the relevant Master Loans Purchase Agreement and/or the Master Servicer or any Sub-Servicer was, in the preceding Calculation Period, in breach of a material term of the Master Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Guarantor or on its behalf without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Issuer, the relevant Seller and/or the Master Servicer or the relevant Sub-Servicer to indemnify the Guarantor for such financial loss);

multiplied by the Asset Percentage;

"B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;

"C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans, *provided that* any such Eligible Assets (other than Mortgage Loans) will be weighted according to the then applicable Rating Agencies' criteria; and

"Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

The "**Asset Percentage**" means the lower of (i) 93.00 per cent and (ii) such other percentage figure as may be determined by the Issuer on behalf of the Guarantor in accordance with the methodologies published by the Rating Agencies (after procuring the level of overcollateralization in line with the target rating). Notwithstanding that, in the event the Issuer chooses not to apply such other percentage figure (item (ii) above) of the Asset Percentage, this will not result in a breach of the Nominal Value Test.

Net Present Value Test

The Issuer and the Sellers shall ensure that the Net Present Value of the Cover Pool, net of the transaction costs to be borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement) shall be higher than or equal to the net present value of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date.

The "**Net Present Value**" is an amount equal to:

$$A + B$$

where:

"A" stands for the net present value of all Eligible Assets and Top-Up Assets comprised in the Cover Pool;

"B" stands for the net present value each Asset Swap Agreement and Liability Swap Agreement.

Interest Coverage Test

The Issuer and the Sellers must ensure that on each Calculation Date the amount of interest and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement), shall be higher than the amount of interest due on all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date, taking into account the Swap Agreements entered into in connection with the Programme.

The Interest Coverage Test will be considered met if, on the relevant Calculation Date, the Expected Revenue Income (as defined below) is in an amount equal to or greater than the Expected Revenue Liability (as defined below), both as calculated on the relevant Calculation Date.

The "**Expected Revenue Income**" will be an amount calculated on each Calculation Date by applying the following formula:

$$A+B+C$$

where,

"A" stands for the aggregate amount standing to the credit of the Luxembourg Interest Collection Accounts as of the relevant Calculation Date;

"B" stands for any payments that the Guarantor is expected to receive under any Swap Agreement as at the end of the relevant Collection Period; and

"C" stands for the interest component of all the Instalments falling due from the relevant Calculation Date to the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date).

The "**Expected Revenue Liability**" will be an amount calculated on each Calculation Date by applying the following formula:

$$D+E+F$$

where,

"D" stands for the aggregate amount of all interest payments due under all outstanding Series of Covered Bonds on the Interest Payment Dates falling in the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date);

"E" stands for any Senior Liabilities (net of any amounts credited to the Reserve Fund Account and payments made under the Swap Agreements) expected to be borne by the Guarantor during the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter; and

"F" stands for any payments expected to be borne or due by the Guarantor under any Swap Agreement as at the end of the relevant Collection Period.

The Interest Coverage Test will:

- (i) be met if $A+B+C \geq D+E+F$; or
- (ii) not be met if $A+B+C < D+E+F$.

Amortisation Test

The Amortisation Test is intended to ensure that, following an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Covered Bond Guarantee. The Amortisation Test will be considered met if the Amortisation Test Aggregate Loan Amount is an amount at least equal to the Outstanding Principal Amount of the issued Covered Bonds as calculated on the relevant Calculation Date. If the Amortisation Test Aggregate Loan Amount is less than the Outstanding Principal Amount of the issued Covered Bonds, then the Amortisation Test will be deemed to be breached and if such breach is not remedied by the Relevant Seller(s) (or failing which, the Issuer or, failing the Issuer, the other Seller(s)) by the immediately following Calculation Date, a Guarantor Default Notice will be served by the Representative of the Covered Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee. The Calculation Agent, whilst Covered Bonds are outstanding, will immediately notify the Representative of the Covered Bondholders of any breach of the Amortisation Test. Following a Guarantor Default Notice, the Guarantor will be required to make payments in accordance with the Post-Enforcement Priority of Payments.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Calculation Date as follows:

$$A + B + C - Z$$

where,

"A" stands for the aggregate "**Amortisation Test Outstanding Principal Balance**" of each Mortgage Loan, which shall be the lower of:

- (i) the Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, $M = 0.80$;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, $M = 0.60$; and
- (c) for all Mortgage Loans that are Defaulted Loans $M = 0$;

"B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;

"C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans; and

"Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Outstanding Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

Reserve Fund Account

The Reserve Fund Account is held in the name of the Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the relevant Reserve Fund Amount. Such Reserve Fund Amount will be determined on each Calculation Date in an amount sufficient to ensure that, in the event that a payment is required to the Guarantor under the Covered Bond Guarantee, the Guarantor would have sufficient funds set aside and readily available to pay (i) interest amounts accruing, from time to time, with respect to the Covered Bonds plus (ii) all costs and expenses ranking under items (a) to (c) of each of the Pre-Issuer Event of Default Interest Priority of Payments and the Pre-Issuer Event of Default Principal Priority of Payments. The required Reserve Fund Amount will be credited by the Guarantor to the Reserve Fund Account on each Guarantor Payment Date in accordance with the Pre-Issuer Event of Default Interest Priority of Payments and the Pre-Issuer Event of Default Principal Priority of Payments.

Set-Off Risk and Commingling Risk

Pursuant to the Cover Pool Management Agreement, the Issuer has undertaken, upon occurrence of an Issuer Downgrading Event, to notify on a quarterly basis the Rating Agencies of each of the Potential Set-Off Amount and the Commingling Amount. As long as the Issuer Downgrading Event is continuing, the Asset Percentage shall be reduced by an amount equal to the Potential Set-Off Amount and the Commingling Amount.

CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default Notice is served on the Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

Definitions

For the purposes hereof:

"Interest Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited into the Luxembourg Interest Collection Accounts;
- (b) all recoveries in the nature of interest received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Interest Collection Accounts;
- (c) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts;
- (d) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts and any swap principal;
- (e) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (f) any amount paid by any Subordinated Lender to the Guarantor prior to a Guarantor Payment Date under clause 5.4 of the relevant Subordinated Loan Agreement;
- (g) the Reserve Fund Amount standing to the credit of the Reserve Fund Account; and
- (h) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Luxembourg Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the immediately preceding Collection Period;
- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Principal Collection Accounts;
- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestments of Top-Up Assets;
- (e) any swap principal payable under the Swap Agreements; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

Pre-Issuer Event of Default Interest Priority of Payments

Prior to service of an Issuer Default Notice on the Guarantor and the Issuer or service of a Guarantor Default Notice on the Guarantor, Interest Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default**

Interest Priority of Payments") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor;
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party) other than the swap principal;
- (e) *Fifth*, to transfer to the Reserve Fund Account the relevant Reserve Fund Amount;
- (f) *Sixth*, to allocate to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Date pursuant to item (b) of the Pre Issuer Event of Default Principal Priority of Payments, net of any amount already allocated under this item six on any previous Guarantor Payment Date;
- (g) *Seventh*, to pay the Base Interest due to the Subordinated Lenders under the relevant Term Loans;
- (h) *Eighth*, to pay any payments due and payable by the Guarantor to any Swap Provider not paid under item Fourth above; and
- (i) *Ninth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

Pre-Issuer Event of Default Principal Priority of Payments

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor or service of a Guarantor Default Notice on the Guarantor, all Principal Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Principal Priority of Payments**"):

- (a) *First*, to pay any swap principal due to any Swap Provider;
- (b) *Second*, to transfer any amounts to the Reserve Fund Account necessary in order to make up any shortfall in the Reserve Fund Amount;
- (c) *Third*, to repay the Term Loans advanced by the Subordinated Lenders under the relevant Subordinated Loan Agreements, provided the Tests and the Relevant Portfolio Test are complied with and the relevant Subordinated Lender has requested the repayment of the relevant Subordinated Loan pursuant to clause 6.2 of the relevant Subordinated Loan Agreement; and
- (d) *Fourth*, to the extent that any Subordinated Lender has not received amounts as repayment of the Term Loans under item (c) *Third* above, to deposit, pursuant to clause 6.2.2 of the Subordinated Loan Agreements, the relevant amounts in the appropriate Luxembourg Principal Collection Account(s).

Guarantee Priority of Payments

On each Guarantor Payment Date after the service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to the service of a Guarantor Default Notice), the Guarantor Available Funds shall be applied on each Guarantor Payment Date at the direction of the Guarantor in making the following payments or provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;

- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts, other than in respect of principal, due and payable on such Guarantor Payment Date or during the period commencing on (and including) such Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date (the "**Guarantor Payment Period**") (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (e) *Fifth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts in respect of principal due and payable on such Guarantor Payment Date or during the immediately following Guarantor Payment Period (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (f) *Sixth*, to deposit in the Reserve Fund Account any cash balances until the Covered Bonds have been repaid in full or sufficient amounts have been accumulated to pay outstanding Covered Bonds;
- (g) *Seventh*, to pay any termination payments due and payable by the Guarantor to the Swap Providers not paid under item *Fourth* or *Fifth* above;
- (h) *Eighth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (i) *Ninth*, to pay any Base Interest due to the Subordinated Lenders under the relevant Term Loans;
- (j) *Tenth*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (k) *Eleventh*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

Application of Moneys following Occurrence of a Guarantor Event of Default

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Guarantor Available Funds will be applied in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Representative of the Covered Bondholders and the remuneration due to any Receiver and any proper costs and expenses incurred by it;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, (i) any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) any interest and any Outstanding Principal Amount due under all outstanding Series of Covered Bonds;

- (e) *Fifth*, to pay any termination payments due and payable by the Guarantor to any Swap Provider not paid under item *Fourth* above;
- (f) *Sixth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (g) *Seventh*, to pay any Base Interest due to the Subordinated Lenders under the relevant Term Loans;
- (h) *Eighth*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (i) *Ninth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

DESCRIPTION OF THE COVER POOL

The Cover Pool is comprised of (i) the Portfolio, which is in turn comprised of Mortgage Loans and related collateral assigned to the Guarantor by the Sellers in accordance with the terms of the Master Loans Purchase Agreement and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor.

The Initial Portfolio and each New Portfolio acquired by the Guarantor (the "**Portfolio**"), consists of Mortgage Loans sold by any of the Sellers to the Guarantor from time to time, in accordance with the terms of the Master Loans Purchase Agreement, as more fully described under "*Overview of the Transaction Documents — Master Loans Purchase Agreements*".

For the purposes hereof:

"**Initial Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement;

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

Eligibility Criteria

The sale of Loans and their Related Security and the transfer of any other Eligible Asset or Top-Up Asset to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Transfer Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that both Italian law and Rating Agency requirements are met.

The following assets (*attivi idonei* or "**Eligible Assets**") are considered eligible under Article 2, sub-paragraph 1, of Decree 310:

- (a) residential mortgage loans that have an LTV that does not exceed 80 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (b) commercial mortgage loans that have an LTV that does not exceed 60 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (c) receivables owed by, securities issued by, or receivables or securities which have the benefit of a guarantee eligible for credit risk mitigation granted by:
 - (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach; and
 - (ii) public entities, located outside the European Economic Area or Switzerland, for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which

a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach;

- (d) asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:
- (i) residential mortgage loans that have an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
 - (ii) commercial mortgage loans that have an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
 - (iii) receivables or securities satisfying the requirements indicated under item (c) above;

provided that the assets described under item (d)(ii) above may not amount to more than 10 per cent. of the aggregate nominal value of the Cover Pool.

Eligibility Criteria for Residential Mortgage Loans

Under the Master Loans Purchase Agreements, the relevant Sellers and the Guarantor have agreed the following Common Criteria and Specific Criteria (see "*Overview of the Transaction Documents — Master Loans Purchase Agreements*" above) that will be applied in selecting the Residential Mortgage Loans that will be transferred thereunder to the Guarantor.

Common Criteria

Receivables arising from loans:

- which are residential mortgage receivables (i) with a risk weight not higher than 35% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent of the value of the property, in accordance with Decree 310, or (ii) in case of at least one residential real estate that guarantees the loans with other not residential real estate, which have a risk weight higher than 35% and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent of the value of the residential property;
- in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Bankruptcy Law and, if applicable, of article 39, fourth paragraph of the Consolidated Banking Act;
- loans granted or acquired by the relevant Seller;
- which are governed by Italian law;
- which are performing and in respect of which no instalments are due but not paid since more than one day from the relevant payment date (five days for the second, third, fourth and fifth sale of Receivables);
- which do not include any clauses limiting the possibility for the relevant Seller to assign the receivables arising thereunder or providing the Debtor's consent for such assignment and the relevant Seller has obtained such consent;
- which provide for the payment by the Debtor of monthly, bimonthly, quarterly, four-monthly, semi-annual or annual instalments;
- which provide for all payments due by the Debtor thereunder to be made in Euro;
- which are fully disbursed;
- which have not been granted to employees of any company of the UBI Banca Group;

- which have been granted to one or more individuals (*persone fisiche o cointestatari*);
- which did not provide at the time of disbursement for any subsidy or other benefit in relation to principal or interest (*mutui agevolati*);
- the payment of which is secured by a first ranking mortgage (*ipoteca di primo grado economico*), such term meaning (i) a first ranking mortgage or (ii) (A) a second or subsequent ranking priority mortgage in respect of which the lender secured by the first ranking priority mortgage is the relevant Seller and with respect to which the obligations secured by the mortgage(s) ranking prior to such second or subsequent mortgage have been fully satisfied, or (B) a second or subsequent ranking priority mortgage in respect of which the lender secured by the mortgage(s) ranking prior to such second or subsequent mortgage is the relevant Seller (even if the obligations secured by such ranking priority mortgage(s) have not been fully satisfied) and the receivables secured by such priority mortgages arise from loans meeting the Common Criteria.

THE ASSET MONITOR

The Bank of Italy Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee.

Pursuant to the Bank of Italy Regulations, the asset monitor must be an independent auditor, enrolled with the special register of accounting firms held by the CONSOB pursuant to article 161 of Legislative Decree No. 58 of 24 February 1998 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Statutory Auditors of the Issuer.

Mazars S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 01507630489, and enrolled under No. 97909 with the special register of accounting firms held by the *Commissione Nazionale per le Società e la Borsa* pursuant to article 161 of Legislative Decree No. 58 of 24 February 1998.

Pursuant to an engagement letter entered into on 30 July 2008, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, (i) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (ii) the compliance with the limits on the transfer of the Eligible Assets set out under Decree No. 310; and (iii) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

The engagement letter is in line with the provisions of the Bank of Italy Regulations in relation to the reports to be prepared and submitted by the Asset Monitor also to the Statutory Auditors Board of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on 30 July 2008, the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitoring Agreement, as more fully described under "*Overview of the Transaction Documents — Asset Monitoring Agreement*".

DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

The following is a general description of the Italian Securitisation and Covered Bond Law (as defined below) and other legislation that may be relevant to investors in assessing the Covered Bonds, including recent legislation affecting the rights of mortgage borrowers. It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this summary is based on Italian Legislation as in effect on the date of this Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Covered Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.

The Securitisation and Covered Bond Law

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Article 7-bis and article 7-ter of the Law No. 130 of 30 April 1999 (as amended, the "**Italian Securitisation and Covered Bond Law**");
- the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree No. 310 (the "**MEF Regulation**");
- the C.I.C.R. Decree dated 12 April 2007; and
- the Bank of Italy's official supervisory regulations issued on 17 May 2007, as subsequently amended on 24 March 2010, with respect to the issue of covered bonds (the "**Bank of Italy Instructions**").

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Securitisation and Covered Bond Law by adding two new articles, Articles 7-bis and 7-ter, which enable banks to issue covered bonds. Articles 7-bis and 7-ter, however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

Following the issue of the MEF Regulation, the Bank of Italy Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010, completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of this funding instrument, which has previously only been available under special legislation to specific companies (such as Cassa Depositi e Prestiti S.p.A.).

The Bank of Italy Instructions introduced provisions, among other things, regulating:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits; and
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

Basic structure of a covered bond issue

The structure provided under Article 7-bis with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (i.e. the cover pool) to an Article 7-bis special purpose vehicle (the "**SPV**");
- the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;

- the bank issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the SPV.

Article 7-*bis* however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Italian Securitisation Law, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

The MEF Regulation provides that the guarantee issued by the SPV for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the SPV must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the SPV will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. In addition, the SPV will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amounts recovered by the SPV from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

Segregation and subordination

Article 7-*bis* provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*bis* expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

Exemption from claw-back

Article 7-*bis* provides that the guarantee and the subordinated loan granted to fund the payment by the SPV of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Italian Bankruptcy Law (Royal Decree No. 267 of 16 March 1942).

The issuing bank

The Bank of Italy Instructions provide that covered bonds may only be issued by banks which individually satisfy, or which belong to banking groups which, on a consolidated basis:

- have regulatory capital of at least Euro 500,000,000; and
- have a minimum total capital ratio of 9 per cent.

The Bank of Italy Instructions specify that the requirements above also apply to the bank acting as cover pool provider (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider).

The Bank of Italy Instructions furthermore provide that the total amount of eligible assets that a bank may transfer to cover pools in the context of covered bond transactions is subject to limitations linked to the total capital ratio and tier 1 ratio of the individual bank (or of the relevant banking group, if applicable) as follows:

Ratios		Transfer Limitations
"A" range	– Total capital ratio $\geq 11\%$ – Tier 1 ratio $\geq 7\%$	No limitation
"B" range	– Total capital ratio $\geq 10\%$ and $< 11\%$ – Tier 1 ratio $\geq 6.5\%$	Up to 60% of eligible assets may be transferred
"C" range	– Total capital ratio $\geq 9\%$ and $< 10\%$ – Tier 1 ratio $\geq 6\%$	Up to 25% of eligible assets may be transferred

The Bank of Italy Instructions clarify that the ratios provided with respect to each range above must be satisfied jointly: if a bank does not satisfy both ratios with respect to a specific range, the range applicable to it will be the following, more restrictive, range. Accordingly, if a bank (or the relevant banking group) satisfies the "b" range total capital ratio but falls within the "c" range with respect to its tier 1 ratio, the relevant bank will be subject to the transfer limitations applicable to the "c" range.

The Cover Pool

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-bis, see "*Description of the Cover Pool – Eligibility Criteria*".

Ratio between cover pool value and covered bond outstanding amount

The MEF Regulation provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the SPV, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the SPV) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an

independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Instructions require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Instructions require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

Substitution of assets

The MEF Regulation and the Bank of Italy Instructions provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralisation provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction.

The eligible assets comprised in the cover pool may only be substituted or supplemented by means of:

- the transfer of further assets (eligible to be included in the cover pool in accordance with the criteria described above);
- the establishment of deposits held with banks ("**Qualified Banks**") which have their registered office in a member state of the European Economic Area or in Switzerland or in a state for which a 0 per cent. risk weight is applicable in accordance with the prudential regulations' standardised approach; and
- the transfer of debt securities, having a residual life of less than one year, issued by the Qualified Banks.

The MEF Regulation and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above, cannot exceed 15 per cent. of the aggregate nominal value of the cover pool. This 15 per cent. limitation must be satisfied throughout the transaction and, accordingly, the substitution of cover pool assets may also be carried out in order to ensure that the composition of the assets comprised in the cover pool continues to comply with the relevant threshold.

The Bank of Italy Instructions clarify that the limitations to the overall amount of eligible assets that may be transferred to cover pools described under "*The Issuing Bank*" above do not apply to the subsequent transfer of supplemental assets for the purposes described under this paragraph.

Suspension of payments

In exceptional circumstances, pursuant to article 74 of the Consolidated Banking Act, one or more special administrator (*commissari straordinari*) appointed by the Bank of Italy, in order to protect the interests of the creditors, in consultation with an oversight committee composed of between three and five members (*comitato di sorveglianza*) and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional two months. During the suspension period forced executions or actions to perfect security interests involving the bank's properties or customers' securities may not be initiated or prosecuted. During the same period mortgages may not be registered on the bank's immovable property nor may any other rights of preference on the bank's movable property be acquired, except in the case of enforceable court orders issued prior to the beginning of the suspension period. The suspension shall not constitute insolvency.

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer, the SPV, in accordance with Decree 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "*The Guarantor*".

and the Covered Bond Guarantee - Suspension of Payments" and section "Overview of the Transaction Documents - Covered Bond Guarantee".

Taxation

Article 7-bis, sub-paragraph 7, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

Certain Aspects of Italian Law relevant to Mortgage Loans

Italian Law Decree number 7 of 31 January 2007, as converted into law by Italian Law number 40 of 2 April 2007 (the "**Bersani Decree**") and amended by Italian Law number 244 of 24 December 2007 (the "**2008 Budget Law**"), provides for certain new measures for the protection of consumers' rights and the promotion of the competition in, *inter alia*, the Italian mortgage loan market. The new provisions of law facilitate the exercise by the borrowers of their right to prepayment of the loan and/or subrogation of a new bank into the rights of their creditors in accordance with article 1202 (*surrogazione per volontà del debitore*) of the Italian civil code, by eliminating the limits and costs previously borne by the borrowers for the exercise of such right. The recent Law Decree number 78 of 1 July 2009 provides, *inter alia*, that if the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor. Please note that the above mentioned Law Decree number 78 of 1 July 2009 will be in full force upon the publication of the law of enactment ("*legge di conversione*").

In addition, the 2008 Budget Law provided for the right of borrowers, under mortgage loans related to the purchase of the first house ("**prima casa**") and unable to pay the relevant instalments, to request the suspension of payments of instalments due under the relevant mortgage loans for a maximum of two times and for a maximum aggregate period of 18 months. The 2008 Budget Law also provided for the establishment of a fund (so called "*Fondo di solidarietà*", the "**Fund**") created for the purpose of bearing certain costs deriving from the suspension of payments and refers to implementing regulation to be issued for the determination of: (i) the requirements that the borrowers must comply with in order to have the right to the aforementioned suspension and the subsequent aid of the Fund; and (ii) the formalities and operating procedures of the Fund.

Pending the enactment of the implementing regulation referred to above and given the novelty of the above described provisions, the impact thereof on the amortisation and prepayment profile of the Portfolio cannot be predicted by the Issuer as at the date of this Prospectus.

Further, Law Decree number 93 of 27 May 2008 came into force on 29 May 2008, providing new legislation on the renegotiation of mortgage loan repayment plans for principal residence homeowners. Under the provisions of the new legislation, on 19 June 2008 the Ministry of Economy and Finance (*Ministero dell'economia e delle finanze*) and the Italian banking association (*Associazione bancaria italiana*) entered into a convention (the "**Convention**") for the renegotiation of floating rate mortgage loan agreements entered into prior to 29 May 2008 for the purposes of acquiring, building or refurbishing the mortgagor's only or main residence. The Convention is open to the adhesion of banks and financial intermediaries enrolled in the general register held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, including special purpose companies incorporated under the Italian Securitisation and Covered Bond Law, such as the Guarantor. The banks and financial intermediaries who adhere to the Convention shall, within 29 August 2008, propose to their clients meeting the requirements set out therein the renegotiation of the relevant mortgage loans. Pursuant to the new legislation, the instalments payable by the relevant debtors are recalculated by reference to the average of the floating interest rates applied under the relevant loan during 2006 (or, in case of loans executed after 31 December 2006, by

reference to the parameters used to calculate the first amortisation instalment), rendered fixed instalments starting from 1 January 2009 and thereafter applied on the outstanding debt for the entire duration of the loan. The difference between the amount of the instalments payable in accordance with the original amortisation plan and the amount of the fixed instalments so calculated will then be debited to an ancillary loan account accruing interest at the rate of IRS for 10 years plus a margin of 0.50 per cent per annum and repayable after the repayment of the renegotiated loan with the same fixed instalments. As of today it is unclear what impact this legislation will have on the residential mortgages loan market in Italy and on the level of prepayments which the Guarantor may experience, irrespective whether or not the Sellers (or the Issuer) elect to adhere itself to the convention.

The Bersani Decree also provides that any provision imposing a prepayment penalty in case of early redemption of mortgage loans is void with respect to mortgage loan agreements entered into, with an individual as borrower, on or after 2 February 2007 (being the date on which the Bersani Decree entered into force) for the purpose of purchasing or refurbishing real estate properties destined to residential purposes or to carry out the borrower's own professional and economic activity.

With respect to loan agreements entered into prior to the enactment of the Bersani Decree (i.e., prior to 2 February 2007), article 7, paragraph 5 of the Bersani Decree *provided that* the Italian banking association ("**ABI**") and the main national consumer associations were entitled to reach, within three months from 2 February 2007, an agreement regarding the equitable renegotiation of prepayment penalties within certain maximum limits calculated on the residual amount of the loans (in each instance, the "**Substitutive Prepayment Penalty**"). Had ABI and the relevant consumer associations failed to reach an agreement, the Bank of Italy would have determined the Substitutive Prepayment Penalty by 2 June 2007.

The agreement reached on 2 May 2007 between ABI and national consumer associations (the "**Prepayment Penalty Agreement**") contains the following main provisions (as described in an ABI press release dated May 2007):

- (i) with respect to variable rate loan agreements – the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date;
- (ii) with respect to fixed rate loan agreements entered into before 1 January 2001 – the Substitutive Prepayment Penalty should not exceed 0.50 per cent, and should be further reduced to: (a) 0.20 per cent, in case of early redemption of the loan carried out within the third year from the final maturity date; and (b) zero, in case of early redemption of the loan carried out within two years from the final maturity date.
- (iii) with respect to fixed rate loan agreements entered into after 31 December 2000 – the Substitutive Prepayment Penalty should be equal to: (a) 1.90 per cent, if the relevant early redemption is carried out in the first half of loan's agreed duration; (b) 1.50 per cent, if the relevant early redemption is carried out following the first half of loan's agreed duration, *provided however that* the Substitutive Prepayment Penalty should be further reduced to: (x) 0.20 per cent, in case of early redemption of the loan carried out within three-years from the final maturity date; and (y) zero, in case of early redemption of the loan carried out within two years from the final maturity date.

The Prepayment Penalty Agreement introduces a further protection for borrowers under a "safeguard" equitable clause (the "**Clausola di Salvaguardia**") in relation to those loan agreements which already provide for a prepayment penalty in an amount which is compliant with the thresholds described above. In respect of such loans, the Clausola di Salvaguardia provides that:

- (i) if the relevant loan is either: (x) a variable rate loan agreement; or (y) a fixed rate loan agreement entered into before 1 January 2001; the amount of the relevant prepayment penalty shall be reduced by 0.20 per cent.;
- (ii) if the relevant loan is a fixed rate loan agreement entered into after 31 December 2000, the amount of the relevant prepayment penalty shall be reduced by (x) 0.25 per cent, if the agreed amount of the prepayment penalty was equal or higher than 1.25 per cent.; or (y) 0.15 per cent, if the agreed amount of the prepayment penalty was lower than 1.25 per cent.

Finally the Prepayment Penalty Agreement sets out specific solutions with respect to hybrid rate loans which are meant to apply to the hybrid rates the provisions, as more appropriate, relating respectively to fixed rate and variable rate loans.

In relation to the provisions of the Prepayment Penalty Agreement, it is expected that further interpretative and supplemental indications may be issued, the specific impact of which cannot be accurately anticipated at this time.

The Bersani Decree moreover includes other miscellaneous provisions relating to mortgage loans which include, *inter alia*, simplified procedures meant to allow a more prompt cancellation of mortgages securing loans granted by banks or financial intermediaries in the event of a documented repayment in full by the debtors of the amounts due under the loans. While such provisions do not impact on the monetary rights of the lenders under the loans (lenders retain the right to oppose the cancellation of a mortgage), the impact on the servicing procedures in relation to the applicable loan agreements cannot be entirely assessed at this time.

Italian Law Decree number 185 of 29 November 2009, as converted into law by the Italian Law number 2 of 28 January 2009 "*Misure urgenti per il sostegno a famiglie, lavoro, occupazione e impresa per ridisegnare in funzione anti-crisi sul quadro strategico nazionale*" (the "**Anti-crisis Decree**") has provided for a number of measures aimed at the alleviation of the effects of the global financial crisis on the Italian economy.

Under article 2 of the Anti-crisis Decree, the amount of the instalments payable during 2009 by borrowers under mortgage loans granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) (other than for villas, castles, luxury residences and residences with specific artistic or historical value (i.e. residences with cadastral code A1, A8 and A9)) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable on the date of execution of the relevant mortgage loan agreement. The difference, if any, between the amount so calculated and the amount which would have been otherwise due according to the relevant mortgage loan agreement (the "**Difference**") will be paid by the lending institution and ultimately borne by the Italian State. Regulation number 117852 issued on 29 December 2008 by the Ministry of Economy and Finance has clarified that, in case of mortgage loans which have been the subject of a securitisation or covered bond transaction, such Difference shall be paid by the relevant seller or by the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e pagamento*" pursuant to the Italian Securitisation and Covered Bond Law.

Regulation number 11434 issued on 13 February 2009 by the Ministry of Economy and Finance has clarified, *inter alia*, that (i) the Difference shall be paid on the date falling on the scheduled instalment date of the relevant mortgage loan; (ii) the scope of the Anti-Crisis Decree encompasses both loans bearing floating interest rates or loans bearing a fixed interest rate and variable maturity date; and (ii) that the state subsidy covering the Difference also applies to debtors who are late in making the relevant payments due, provided that the relevant loan agreements have not been terminated and/or no event of default with respect to the Debtor has occurred giving rise to a mandatory prepayment.

Following the enactment of any further implementing provision and/or regulation referred to above, the degree of over-collateralization with respect of the Cover Pool may be revised.

Furthermore, Italian Law Decree number 39 of 28 April 2009, as converted into law by the Italian Law number 77 of 24 June 2009 "*Interventi urgenti in favore delle popolazioni colpite dagli eventi sismici nella regione Abruzzo nel mese di aprile 2009 e ulteriori interventi urgenti di protezione civile*" (the "**Abruzzo Decree**") provides, *inter alia*, for the establishment of a fund entitled "*Fondo antisismico*" and suspension of payments of instalments due under the relevant mortgage loans in favour of individuals, companies and institutions, as the case may be, resident, incorporated or located in the municipalities affected by the earthquake events as of 6 April 2009. In addition, the Abruzzo Decree provides that the Italian state will subrogate the relevant Debtor, and make payments on his behalf, (i) in case of destruction or collapse of the relevant real estate properties securing mortgage loan agreements granted by banks and financial intermediaries enrolled in the general and special registers held by the Bank of Italy pursuant to articles 106 and 107 of the Italian Legislative Decree No. 385 of 1993, and (ii) provided that the amount disbursed by the Italian state will not exceed the sums necessary for the rebuilding or repairing of such real estate properties.

The convention between ABI and the Ministry of Economic and Finance of 3 August 2009 (the "**PMI Moratorium**") provides, *inter alia*, for a suspension of payments of instalments in respect of the principal of mortgage loans granted to small and medium enterprises ("**PMI**") for a period of 12 months. The suspension

applies on the condition that the instalments (i) are timely paid or in case of late payments, the relevant instalment has not been outstanding for more than 180 days from the date of request of the suspension. As further requirements, (i) the PMI must bear positive economic perspectives and be able to guarantee a business continuity or, in any case, be under "temporary" financial difficulties; (ii) that, on 30 September 2008, their positions were classified by the bank as performing; and (iii) that, at the time of the request of the suspension, they had no positions which could be classified as suffering and defaulting and no enforcement procedures were commenced. The Ministry of Economics and Finance's communication dated 13 January 2010 clarified that such suspension could be requested up to 30 June 2010. The agreement dated 15 June 2010 named "*Avviso comune per la sospensione dei debiti delle piccole e medie imprese verso il settore creditizio – Proroga dei termini*" between, among others, ABI and the Ministry of Economic and Finance further extended the terms for the request of the suspension up to 31 January 2011. ABI communication dated 14 January 2010 "*Integrazione all'Avviso Comune per la Sospensione dei Debiti delle PMI verso il settore creditizio*" and ABI communication of 12 February 2010 provide for certain further integrations and clarifications of the PMI Moratorium and, in particular, extended the applicability of the objective to mortgage loans assisted by public benefits, where expressly resolved upon by the lender.

Lastly, the benefit of the PMI Moratorium has been integrated and prolonged by the agreement named "*Accordo per il credito alle piccole e medie imprese*" (the "**PMI Financing Convention**") dated 16 February 2011 between, among others, ABI and the Ministry of Economic and Finance establishing, *inter alia*, (i) only for the PMI which had not the benefit of the PMI Moratorium, a further postponement of the terms for the request of the suspension up to 31 July 2011; and (ii) also in respect of the PMI already enjoying the effects of the PMI Moratorium, an extension of the availability period referred to medium and long term loan agreements, for a maximum of 2 years, in respect of non-secured loans, and 3 years, in respect of secured loans. Such extension may be requested only upon expiry of the suspension period granted pursuant to the PMI Moratorium and, in any case, within 6 months thereof. Finally, the PMI requesting the extension of the availability period can voluntarily enter into hedging agreements with the lenders.

The convention between ABI and the consumers' associations (the "**Piano Famiglie**"), stipulated on 18 December 2009 provides for a 12 month period suspension of payment of instalments relating to mortgage loans, where requested by the relevant Debtor during the period from 1 February 2010 to 31 January 2011. The suspension is allowed only where the following events ("**Relevant Events**") have occurred: (i) termination of employment relationship; (ii) termination of employment relationships regulated under article 409 n. 3 of the Italian Civil Procedure Code; (iii) death or the occurrence of conditions pertaining to non-self sufficiency; and/or (iv) suspension from work or reduced working hours for a period of at least 30 days. The Relevant Events satisfying the subjective requirements must have occurred in respect of the relevant Debtor during the period from 1 January 2009 to 31 December 2010. The suspension can be requested on one occasion only, provided that the mortgage loans are granted for amounts not exceeding 150,000 Euro, granted for the purchase, construction or renovation of a primary residence (*mutui prima casa*): (i) mortgage loans assigned under securitisation or covered bond transactions pursuant to the Law 130, (ii) renegotiated mortgage loans and (iii) mortgage loans whereby the relevant lender was subrogated pursuant to the Bersani Decree. Finally, in order to obtain such suspension of payments, the Debtor shall have an income not exceeding 40,000 Euro per year. The document clarifies that in the context of a securitisation or covered bond transaction, the special purpose vehicle, or the Bank acting on its behalf, can adhere to the Piano Famiglie. The suspension can be limited to principal instalments only or can encompass both principal and interest instalments. Lastly, (i) by the agreement named "*Accordo per la proroga dei termini della sospensione delle rate dei mutui*" entered into on 26 January 2011 between, *inter alios*, ABI and the consumers' associations, the time frame within which the Relevant Events ought to occur for the purposes of the Piano Famiglie has been postponed to 30 June 2011, and the relevant requests of suspension can be submitted, up to the 31 July 2011, by those Debtors who had not the benefit of the Piano Famiglie; and (ii) by a further agreement dated 25 July 2011 between, *inter alios*, ABI and the consumers' associations, the time frame within which the Relevant Events have to occur for the purposes of the Piano Famiglie has been further postponed to 31 December 2011, while the deadline for the submission of the relevant requests of suspension has been postponed up to 31 January 2012, only in respect of those Debtors who had not the benefit of the Piano Famiglie.

On 24 June 2010 ABI, by a resolution of its executive committee, provided for further measures representing an adjustment of the "*Accordo per la sospensione del pagamento delle rate dei mutui nell'ambito del Piano Famiglie*" ("**Family Measures**") and the "*Avviso Comune per la sospensione dei debiti delle PMI verso il settore creditizio*" ("**Enterprises Measures**"), as appropriate to the specific area of Abruzzo affected by the earthquake. Such measures are applicable from 30 June 2010, which is the deadline for the application of facilities previously established by ABI.

The Family Measures provide the right of the families residing in the municipalities affected by the earthquake to suspend, for further 6 months, the payment of instalments of the mortgage loans related to the primary residence ("*prima casa*"). The suspension applies to mortgage loans not exceeding Euro 150,000 and in respect of which the relevant debtor has a taxable income of less than 40,000 Euros per year and is compliant with one of the conditions of the Piano Famiglie (loss of job, death or onset of term care, suspension from work).

The Enterprises Measures provide for an extension to all companies located in the municipalities affected by the earthquake, of the facilities previously provided by the PMI Moratorium. The companies requiring such suspension or extension should have a position classified by the bank as "performing" as of 6 April 2009. The beneficiaries can apply for the suspension until 31 January 2011. Each bank may voluntarily adhere to the Enterprises Measures. ABI will collect all the adhesions from the banks and will publish them on its website.

Finally, the right to renegotiate, subject to certain conditions and up to 31 December 2011, the floating rate or the final maturity of the mortgage loans executed prior to 14 May 2010 for the purpose of purchasing, constructing or maintaining the debtors' principal residence has been introduced by Italian law decree number 70 of 13 May 2011 (the "**Decreto Sviluppo**").

The above referred legislations may have an adverse effect on the Cover Pool and, in particular, on any cash flow projections concerning the Cover Pool as well as on the over-collateralisation required in order to maintain the then current ratings of the Covered Bonds. However, the Tests have been structured in such a way to attribute a zero weight to any Receivable in respect of which instalments are suspended as a consequence of the granting of a deferral of the payment of its interest and/or principal instalments in accordance with the application of moratoria provisions from time to time granted to Debtors by any laws, agreements between Italian banking associations and national consumer associations, the Bank of Italy or other regulatory bodies regulations ("**Payment Holiday**") therefore, to the extent that any Payment Holiday granted in respect of Receivables included in the Cover Pool may lead to a breach of Tests, the Issuer will be required to sell to the Guarantor subsequent portfolios of Eligible Asset and/or Top-Up Assets in accordance with the Cover Pool Management Agreement and the relevant Master Loans Purchase Agreement in order to remedy such breach. However upon occurrence of an Issuer Event of Default a massive adhesion to such Payment Holidays may adversely effect the cashflows deriving from the Cover Pool and as a consequence the repayment of the Covered Bonds.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Covered Bonds 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 Covered Bonds are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Covered Bonds.

Republic of Italy

Tax treatment of Covered Bonds issued by the Issuer having a maturity of no less than 18 months

Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") sets out the applicable regime regarding the tax treatment of interest, premium and other income from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree 239 only apply to Covered Bonds issued by the Issuer with an original maturity of eighteen months or more which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**")

Italian resident Covered Bondholders

Where the Covered Bonds have an original maturity of at least 18 months, and an Italian resident Covered Bondholders is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 12.5 per cent. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax.

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

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund (although the tax regime is in the process of being amended).

If the investor is resident in Italy and is an open-ended or closed-ended investment fund (the "**Fund**") or a SICAV, and the Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the relevant Covered Bondholder.

Where an Italian resident Covered Bondholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be

subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

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

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

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

Non-Italian resident Covered Bondholders

Where the Covered Bondholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

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

In order to ensure gross payment, non-Italian resident Covered Bondholders must be the beneficial owners of the payments of Interest and must:

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

The *imposta sostitutiva* will be applicable at the rate of 12.5 per cent. to Interest paid to Covered Bondholders who do not qualify for the exemption.

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

Early Redemption

Without prejudice to the above provisions, in the event that the Covered Bonds issued by an Italian resident issuer are redeemed, in full or in part, prior to 18 months from the Issue Date or, in the event of a repurchase by the Issuer of the Notes that are subsequently cancelled either prior to eighteen months from the date of issue or prior to the expiry of a 18-months period of negotiation in the market (Resolution N° 11 of 31 January 2011 of the Italian tax authorities), the relevant issuer will be required to pay an additional tax equal to 20 per cent. of the interest and other amounts accrued up to the time of the early redemption.

Capital gains tax

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 12.5 per cent. Covered Bondholders may set off any losses with their gains.

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

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Covered Bondholders holding the Covered Bonds. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
 - (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Covered Bondholder.

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

- (c) In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year

end, subject to a 12.5 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Covered Bondholder who is an Italian open ended or a closed-ended investment fund or a SICAV will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Covered Bondholders.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund (although the tax regime is in the process of being amended).

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

Capital gains realised by non-Italian resident Covered Bondholders from the sale or redemption of Covered Bonds issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

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

- (a) resident in a country which allows for a satisfactory exchange of information with Italy (i.e. a country included in the list of States, as per the decree referred to in Article 168 bis, paragraph 1 of Decree No. 917, allowing for an adequate exchange of information with the Italian tax Authorities);
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy (i.e. a country allowing for a satisfactory exchange of information with the Italian Tax Authorities according to the legislative provisions mentioned above).

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 12.5 per cent. However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

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

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

Transfer tax

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

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are permitted to apply an optional information reporting system, whereby if a beneficial owner (within the meaning of the EU Savings Directive) does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the withholding tax rate will raise, over time, to 35 per cent. (20 per cent. from 1 July 2008 to 30 June 2011 and 35 per cent. as from 1 July 2011). The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, including Switzerland and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity 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 certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (Decree No. 84). Under Decree No. 84, subject to a number of important conditions being met, for interest paid from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax. Instead, they shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement. Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

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 Covered Bonds 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 Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver Covered Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Covered Bonds comprising the relevant Tranche, as certified to the Principal Paying Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Covered Bonds to or through more than one Dealer, by each of such Dealers as to the Covered Bonds of such Tranche purchased by or through it, in which case the Principal Paying 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 Covered Bonds during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Covered Bonds 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 Covered Bonds comprising any Tranche, any offer or sale of Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 Covered Bonds which are the subject of the offering contemplated by the 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 Covered Bonds to the public in that Relevant Member State:

- (a) **Authorised institutions:** at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) **Significant enterprises:** at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than Euro 43,000,000

and (3) an annual net turnover of more than Euro 50,000,000, all as shown in its last annual or consolidated accounts; or

- (c) **Fewer than 100 offers:** at any time to fewer than 100 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;
- (d) **Denomination:** at any time if the denomination per Covered Bond being offered amounts to at least Euro 100,000; or
- (e) **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 Covered Bonds referred to in (a) to (e) 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 Covered Bonds to the public" in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/ 71/EC and includes any relevant implementing measure in each Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed that:

- (a) **No deposit-taking:** in relation to any Covered Bonds 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 Covered Bonds 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 Covered Bonds 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 Covered Bonds 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 Covered Bonds in, from or otherwise involving the United Kingdom.

Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that sales of the Covered Bonds in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed that it will not offer, sell or deliver any Covered Bonds or distribute copies of this Prospectus or any other document relating to the Covered Bonds in Italy except:

- (i) to the categories of "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Decree No. 58**") and defined in Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); or
- (ii) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in 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 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Japan

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

General

Each Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this 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 Covered Bonds or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Prospectus.

GENERAL INFORMATION

Listing and Admission to Trading

This Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the FSA in its capacity as competent authority in the United Kingdom for the purposes of the Prospectus Directive. Application has been made for Covered Bonds issued under the Programme to be listed on the official list and admitted to trading on the regulated market of the London Stock Exchange.

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

The FSA 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 Prospectus; (ii) a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive; and (iii) if so required by the competent authority of such Member State, a translation into the official language(s) of such Member State of a summary of this Prospectus.

Authorisations

The update of the Programme has been duly authorised by a resolution of the management board of the Issuer dated 12 July 2011, the giving of the Covered Bond Guarantee has been duly authorised by the resolutions of the board of directors of the Guarantor dated 25 June 2008 and 21 July 2008 and the update of the Programme has been duly authorised by the resolutions of the board of directors of the Guarantor dated 12 July 2011.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12-months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer, the Guarantor or their respective Subsidiaries.

Trend Information

Since 31st December 2010, there has been no material adverse change in the prospects of UBI Banca and the UBI Banca Group.

Since 31 December 2010, there has been no material adverse change in the prospects of the Guarantor.

No Significant Change

Save as disclosed in this Prospectus under the Section “*UBI Banca and the UBI Banca Group – The Issuer’s resolution to increase share capital*”, there has been no significant change in the financial or trading position of UBI Banca and the UBI Banca Group since 31st March 2011.

Since 31 December 2010, there has been no significant change in the financial or trading position of the Guarantor.

Minimum Denomination

Where Covered Bonds 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 Covered Bonds will not have a denomination of less than Euro 100,000 (or, where the Covered Bonds are issued in a currency other than Euro, the equivalent amount in such other currency).

Documents on Display

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at the registered office of the Issuer:

- (a) the By-laws of the Issuer and the constitutive documents of the Guarantor;
- (b) the consolidated and non consolidated audited financial statements of the Issuer as at and for the years ended 31 December 2010 and 2009;
- (c) the unaudited consolidated and non consolidated unaudited financial statements of the Issuer as at and for the three months ended 31 March 2011;
- (d) the non-consolidated audited financial statements of the Guarantor as at and for the years ended 31 December 2009 and 31 December 2010;
- (e) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer;
- (f) a copy of this Prospectus;
- (g) any future offering circulars, prospectuses, information memoranda and supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference; and
- (h) each of the Transaction Documents.

Auditors

KPMG S.p.A. are the auditors of the Issuer and are registered on the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992 ("**Decree No. 88**"). KPMG S.p.A. is also a member of Assirevi, the Italian association of auditing firms. KPMG S.p.A. has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2010 and 31 December 2009.

Deloitte & Touche S.p.A. are the auditors of the Guarantor for the period 31 December 2011 - 31 December 2013 and are registered in the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors ("*Registro dei Revisori Contabili*"), in compliance with the provisions of Decree No. 88. Deloitte & Touche S.p.A. is also a member of Assirevi.

KPMG S.p.A. has audited and rendered an unqualified audit report on the non-consolidated financial statements of the Guarantor for the year ended 31 December 2010 and 31 December 2009.

On 30 April 2011 the shareholders meeting of UBI has resolved to appoint Deloitte&Touche S.p.A. as the auditors of UBI Banca from the 2012 to 2020. Deloitte & Touche S.p.A., with registered office in Milan, Via Tortona n. 25, registered with the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) as set out in Article 161 of Decree No. 58, pursuant to article 13, first paragraph and 17, first paragraph, of Legislative Decree n. 39 of 2010.

Deloitte&Touche S.p.A. have been appointed one year in advance in order to allow the companies forming part of the UBI Group and the auditing companies to arrange for the assignment of the relevant responsibilities.

Post-issuance Information

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information in relation to any assets underlying issues of Covered Bonds constituting derivative securities.

Material Contracts

Save as disclosed in this Prospectus, neither the Issuer nor the Guarantor nor any of their respective subsidiaries has 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 Covered Bondholders.

Clearing of the Covered Bonds

The Covered Bonds issued in dematerialised form have been accepted for clearance through Monte Titoli, Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities

Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify (i) any other clearing system for the Covered Bonds issued in dematerialised form as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information or (ii) with respect to Covered Bonds issued in any of the other form which may be indicated in the relevant Final Terms, the indication of the agent or registrar through which payments to the Bondholders will be performed.

GLOSSARY

"**Accounts**" means, collectively, the Italian Accounts and the Luxembourg Accounts and any other account opened from time to time in connection with the Programme but excluding any account related to swap collection.

"**Adjusted Outstanding Principal Balance**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Agents**" means each of the Italian Account Bank, the Calculation Agent, the Principal Paying Agent, the Luxembourg Account Bank, the Cash Manager and the Guarantor Corporate Servicer.

"**Amortisation Test**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test Outstanding Principal Balance**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Arranger**" means Barclays Capital PLC.

"**Article 74 Event**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Article 74 Event Cure Notice**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Asset Backed Securities**" means, pursuant to article 2, sub-paragraph 1, of Decree 310 the asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:

- (i) Residential Mortgage Loans;
- (ii) Commercial Mortgage Loans;
- (iii) Public Entity Receivables or Public Entity Securities.

"**Asset Monitor**" means Mazars S.p.A., acting in its capacity as such pursuant to the engagement letter entered into with the Issuer on or about 30 July 2008 and the Asset Monitoring Agreement.

"**Asset Monitoring Agreement**" means the asset monitoring agreement entered into on or about 30 July 2008 between, *inter alios*, the Asset Monitor and the Issuer.

"**Asset Monitor Report**" means the report to be prepared and delivered by the Asset Monitor to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer in accordance with the Asset Monitoring Agreement.

"**Asset Percentage**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Asset Swap Agreement**" means each asset swap agreement entered into between the Guarantor and each Seller as Asset Swap Provider and "**Asset Swap Agreements**" means collectively all of them.

"**Asset Swap Deed of Guarantee**" means the asset swap deed of guarantee entered into on 30 July 2008 between the Asset Swap Guarantor and the Asset Swap Guarantee Beneficiary.

"**Asset Swap Guarantee Beneficiary**" means UBI Finance S.r.l. acting in its capacity as asset swap guarantee beneficiary pursuant to the Asset Swap Deed of Guarantee.

"**Asset Swap Guarantor**" means Unione di Banche Italiane S.c.p.A. acting in its capacity as asset swap guarantor pursuant to the Asset Swap Guarantee.

"**Asset Swap Provider**" means each Seller as counterparty under the relevant Asset Swap Agreement.

"Availability Period" means, for the purposes of each Subordinated Loan Agreement, the period starting on date of the signing of the relevant agreement and ending on the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with the respective Final Terms.

"Bank of Italy Regulations" means the regulations issued by the Bank of Italy on 17 May 2007 with respect to article 7-bis of the Securitisation and Covered Bond Law.

"Bankruptcy Law" means Royal Decree No. 267 of 16 March 1942.

"Base Interest" means 0.001 per cent. per annum.

"BdB" means Banco di Brescia S.p.A., a bank with sole shareholder incorporated under the laws of Italy with its registered office at Corso Martiri della Libertà, 13, Brescia, fiscal code and enrolment in the companies register of Brescia No. 03480180177, enrolled under No. 3500.6 with the register of banks held by the Bank of Italy in accordance with article 13 of the Consolidated Banking Act and part of the UBI Group.

"BdB Portfolios" means the portfolios transferred by BdB to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"BPA" means Banca Popolare di Ancona S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Via Don A. Battistoni, 4, 60035 Jesi (AN), Italy, fiscal code and enrolment with the companies register of Ancona number 00078240421, enrolled under number 301 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"BPA Portfolios" means the portfolios transferred by BPB to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"BPB" means Banca Popolare di Bergamo S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Piazza Vittorio Veneto, 8, 24122, Bergamo, Italy, fiscal code and enrolment with the companies register of Bergamo, number 03034840169, enrolled under number 5561 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"BPB Portfolios" means the portfolios transferred by BPB to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"BPCI" Banca Popolare Commercio e Industria S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Via della Moscova 33, 20121 Milano, Italy, fiscal code and enrolment with the companies register of Milan number 03910420961, enrolled under number 5560 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"BPCI Portfolios" means the portfolios transferred by BPCI to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"BRE" means Banca Regionale Europea S.p.A., a bank incorporated under the laws of the Republic of Italy, with its registered office at Via Roma, 13, Cuneo, Italy, fiscal code and enrolment in the companies register of Cuneo No. 01127760047, registered under No. 6906.2 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"BRE Portfolios" means the portfolios transferred by BRE to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"BSG" means Banco di San Giorgio S.p.A. a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Via C.R. Ceccardi, 1, 16121 Genova, Italy, fiscal code and enrolment with the companies register of Genova number 0294290103, enrolled under number 5004 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"BSG Portfolios" means the portfolios transferred by BSG to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**BVC**" means Banca di Valle Camonica S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Piazza della Repubblica 2, 25043 Breno (BS), Italy, fiscal code and enrolment with the companies register of Brescia number 00283770170, enrolled under number 3111.2, with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"**BVC Portfolios**" means the portfolios transferred by BVC to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**Business Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) (or any successor thereto) is open.

"**Calculation Agent**" means Unione di Banche Italiane S.c.p.A., acting as calculation agent pursuant to the Cash Allocation, Management and Payments Agreement.

"**Calculation Date**" means the third day of each month (or, if such day is not a Business Day, then the immediately preceding Business Day).

"**Calculation Period**" means each monthly period starting on a Calculation Date (included) and ending on the following Calculation Date (excluded).

"**Carime**" means Banca Carime S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Viale Crati, 87100 Cosenza, Italy, fiscal code and enrolment with the companies register of Cosenza number 13336590156, enrolled under number 5562 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"**Carime Portfolios**" means the portfolios transferred by Carime to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on or about 30 July 2008 between, *inter alios*, the Guarantor, the Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent, the Luxembourg Account Bank and the Italian Account Bank.

"**Clearstream**" means Clearstream Banking, société anonyme, Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance and excluding Mortgages) granted to any Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgages Loan Agreements.

"**Collection Period**" means each monthly period, commencing on (and including) the first calendar day of each month and ending on (and including) the last calendar day of the same month.

"**Collections**" means all amounts received or recovered by the Master Servicer and/or the Sub-Servicers in respect of the Receivables comprised in the Cover Pool.

"**Commercial Assets**" means the Real Estate Assets with respect to Commercial Mortgage Loans.

"**Commercial Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree 310 a commercial mortgage loan which has an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Commercial Mortgage Loan Agreement**" means any commercial mortgage loan agreement out of which Receivables arise.

"**Commingling Amount**" means an amount calculated by the Issuer equal to the expected maximum amount of monthly Collections and Recoveries calculated in respect of the next following 12 calendar months and considering a 10 per cent. cumulative prepayment ratio.

"**Common Criteria**" means the criteria of selection of the Portfolio, as described in section "*Description of the Cover Pool*" above.

"**Conditions**" means the Terms and Conditions of the Covered Bonds and "**Condition**" means a clause of them.

"**CONSOB**" means *Commissione Nazionale per le Società e la Borsa*.

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993.

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about 30 July 2008 between the Guarantor and the Guarantor Corporate Servicer.

"**Covered Bonds**" means each Series of covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

"**Covered Bond Guarantee**" means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer in respect of the Covered Bonds and the Other Issuer Creditors, in accordance with the provisions of the Securitisation and Covered Bond Law, Decree 310 and the Bank of Italy Regulations.

"**Covered Bond Instalment Amount**" means the principal amount of a Series of Covered Bonds to be redeemed on a Covered Bond Instalment Date as specified in the relevant Final Terms.

"**Covered Bond Instalment Date**" means a date on which a principal instalment is due on a Series of Covered Bonds as specified in the relevant Final Terms.

"**Covered Bond Instalment Extension Determination Date**" means, with respect to any Covered Bond Instalment Date, the date falling seven Business Days after such Covered Bond Instalment Date.

"**Covered Bondholders**" means the holders of each Series of Covered Bonds.

"**Cover Pool**" means the cover pool constituted by, collectively, any Eligible Assets and Top-Up Assets held by the Guarantor in accordance with the provisions of the Securitisation and Covered Bond Law, the Decree 310 and the Bank of Italy Regulations.

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into on or on or about 30 July 2008 between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders, the Calculation Agent and the Asset Monitor.

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of Receivables attached as schedule 1 (*Procedura di Riscossione*) to the Master Servicing Agreement.

"**Criteria**" means, collectively, the Common Criteria, the Specific Criteria and any Further Criteria.

"**Dealer**" means each of Barclays Bank PLC, Crédit Agricole Corporate and Investment Bank, Commerzbank Aktiengesellschaft, Deutsche Bank Aktiengesellschaft, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, ING Bank N.V., Landesbank Baden-Württemberg, Natixis, Nomura International plc, Société Générale, UBS Limited and UniCredit Bank AG and any other entity which may be nominated as such by the Issuer pursuant to the Programme Agreement.

"**Debtor**" means any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation under an *accollo*, or otherwise.

"**Decree 239**" means Italian Legislative Decree number 239 of 1 April 1996.

"**Decree 310**" means the ministerial decree No. 310 of 14 December 2006 issued by the Ministry of the Economy and Finance.

"**Deed of Charge**" means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) on or about the Issue Date of the first Series of Covered Bonds in respect of which a Liability Swap Agreement is entered into by the Guarantor with a non-Italian entity.

"**Deed of Pledge**" means the Italian law deed of pledge entered into on or about 30 July 2008 between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and of the Other Creditors).

"Deeds of Pledge" means, collectively, the Deed of Pledge, the Issuer Deed of Pledge and the Luxembourg Deed of Pledge.

"Defaulted Loans" means any Mortgage Loan in relation to which there are one or more Defaulted Receivables.

"Defaulted Receivable" means any Receivable arising from Mortgage Loans included in the Cover Pool which (i) remains unpaid by the relevant Debtor for 180 days or more; or (ii) has been classified as *credito ad incaglio*; or (iii) has been classified as "defaulted" (*credito in sofferenza*) pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"Defaulting Party" has the meaning ascribed to that term in the relevant Swap Agreement.

"Delinquent Loan" means any Mortgage Loan in relation to which there are one or more Delinquent Receivables.

"Delinquent Receivables" any Receivable arising from Mortgage Loans included in the Cover Pool in respect of which there are one or more Installments due and not paid by the relevant Debtor and which have not been classified as Defaulted Receivables.

"Drawdown Date" means the date on which a Term Loan is advanced under the relevant Subordinated Loan Agreement during the Availability Period and that corresponds to, in respect of any Portfolio, the date on which the relevant purchase price has to be paid to the relevant Seller by the Guarantor pursuant to the terms of the relevant Master Loans Purchase Agreement.

"Earliest Maturing Covered Bonds" means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"Early Termination Amount" has the meaning ascribed to such term in the Terms and Conditions.

"Eligible Assets" means the following assets contemplated under article 2, sub-paragraph 1, of Decree 310:

- (i) the Residential Mortgage Loans;
- (ii) the Commercial Mortgage Loans;
- (iii) the Public Entities Receivables;
- (iv) the Public Entities Securities; and
- (v) the Asset Backed Securities.

"Eligible Institution" means any depository institution organised under the laws of any country which is a member of the European Union or of the United States, the short term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "F1" by Fitch and "P 1" by Moody's or which is guaranteed (in compliance with the relevant criteria respectively of Fitch and Moody's on the guarantee) by an entity whose short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F1" by Fitch and "P 1" by Moody's and the long term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A" by Fitch and "Aa3" by Moody's.

"Eligible Investment" means (i) any Euro denominated security rated at least "P 1" by Moody's and "F1" by Fitch, where they have a maturity of up to 30 calendar days or, if greater than 30 calendar days, which may be liquidated without loss within 30 days of a downgrade below "P 1" by Moody's and "F1" by Fitch, and/or (ii) reserve accounts, deposit accounts, and other similar accounts that provide direct liquidity and/or credit enhancement held at a financial institution rated at least "P 1" by Moody's and "F1" by Fitch, provided that any such investments mature on or before the next following Guarantor Payment Date or are disposable at no loss.

"EURIBOR" means the Euro-Zone Inter-bank offered rate for Euro deposits, as determined from time to time pursuant to the relevant Transaction Documents.

"Euro", "€" and "EUR" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

"Euroclear" means Euroclear Bank S.A./N.V.

"European Economic Area" means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty.

"Excess Receivables" means, in relation to the Cover Pool and on each Calculation Date, those Receivables the aggregate Outstanding Principal of which is equal to: (i) any amount by reason of which the Portfolios comprised in the Cover Pool are in excess (as nominal value, interest coverage and net present value) of any Eligible Assets necessary to satisfy all Tests on the relevant Calculation Date; *minus* (ii) the aggregate Outstanding Principal of those Receivables indicated by the Calculation Agent as Affected Receivables pursuant to the provisions of clause 9.1 (*Payment of Indemnity*) of the Warranty and Indemnity Agreement.

"Expenses" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

"Expenses Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank, with number 201/89284 (IBAN: IT18S031111299000000089284), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Expiry Date" means the date falling one year and one day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

"Extended Instalment Date" means the date on which a principal instalment in relation to a Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Covered Bond Instalment Date as specified in the relevant Final Terms.

"Extended Maturity Date" means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

"Extension Determination Date" means, with respect to any Series of Covered Bonds, the date falling seven Business Days after (and including) the Maturity Date of such Series of Covered Bonds.

"Facility" means the facility to be granted by each Subordinated Lender pursuant to the terms of clause 2 (*Il Finanziamento*) of the relevant Subordinated Loan Agreement.

"Final Redemption Amount" means, in respect of any Series of Covered Bonds, the principal amount of such Series or such other amount as may be specified in, or determined in accordance with, the relevant Final Terms.

"Final Terms" means, in relation to any issue of any Series of Covered Bonds, the relevant terms contained in the applicable Transaction Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the date of issue of the applicable Series of Covered Bonds.

"First Interest Period" means, in relation to any Term Loan, the period starting on the relevant Drawdown Date and ending on the first Guarantor Payment Date.

"Fitch" means Fitch Ratings Limited.

"Further Criteria" means the criteria identified in accordance with clause 2.4.3 (*Criteri Ulteriori*) of each Master Loans Purchase Agreement.

"Guarantee Priority of Payments" means the order of priority pursuant to which the Guarantor Available Funds shall be applied, on each Guarantor Payment Date following the delivery of an Issuer Default Notice, but prior to the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"Guaranteed Amounts" means the amounts due from time to time from the Issuer to (i) the Covered Bondholders with respect to each Series of Covered Bonds (excluding any additional amounts payable to the Covered Bondholders under Condition 11(a) (*Gross-up by the Issuer*) and (ii) the Other Issuer Creditors pursuant to the relevant Transaction Documents.

"Guarantor" means UBI Finance S.r.l., acting in its capacity as guarantor pursuant to the Covered Bond Guarantee.

"Guarantor Available Funds" means, collectively, the Interest Available Funds and the Principal Available Funds.

"Guarantor Corporate Servicer" means TMF Management Italy S.r.l., acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

"Guarantor Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Guarantor and the Issuer upon the occurrence of a Guarantor Event of Default.

"Guarantor Event of Default" has the meaning ascribed to such expression in the Conditions.

"Guarantor Payments Account" means the Euro denominated account established in the name of the Guarantor and held with the Principal Paying Agent, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Guarantor Payment Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 18th day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

"Guarantor Payment Period" has the meaning ascribed to that term in the Section "*Cashflows*" above.

"Individual Purchase Price" means, with respect to each Receivable transferred pursuant to the Master Loan Purchase Agreements: (i) the most recent book value (*ultimo valore di iscrizione in bilancio*) of the relevant Receivable *minus* all principal and interest collections (with respect only to the amounts of interest which constitute the most recent book value) received by the Seller with respect to the relevant Receivables up to the relevant Transfer Date and increased of the amount of interest accrued and not yet collected on such Receivables as at the relevant Transfer Date; or, at the option of the relevant Seller (ii) such other value, as indicated by the relevant Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables had not been transferred for the purpose of article 7-*bis*, sub-paragraph 7, of the Securitisation and Covered Bond Law.

"Initial Portfolio" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement.

"Insolvency Event" means in respect of any company, entity, or corporation that:

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this

respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

- (iii) such company, entity or corporation takes any action for a re-adjustment 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 (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or
- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"Instalment" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Insurance Policies" means the insurance policies taken out with the insurance companies in relation to each Real Estate Asset and each Mortgage Loan.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about 30 July 2008, between, *inter alios*, the Guarantor and the Other Creditors.

"Interest Available Funds" has the meaning ascribed to such term in the Section named "*Cashflows*" above.

"Interest Coverage Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Date" has the meaning ascribed to such terms in the Conditions.

"Issue Date" has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

"Issuer" means Unione di Banche Italiane S.c.p.A., acting in its capacity as issuer pursuant to the Programme Agreement.

"Issuer Deed of Pledge" means an Italian law-governed deed of pledge to be entered into between the Issuer and the Guarantor on or about the Issue Date of the first Tranche of Covered Bonds issued under the Programme.

"Issuer Downgrading Event" means the Issuer being downgraded to "F2" by Fitch and "P-1" by Moody's.

"Issuer Default Notice" means the notice to be delivered by the Representative of the Covered Bondholders to the Issuer and the Guarantor upon the occurrence of an Issuer Event of Default.

"Issuer Event of Default" has the meaning ascribed to such expression in the Conditions.

"Italian Account Bank" means Unione di Banche Italiane S.c.p.A., in its capacity as Italian account bank pursuant to the Cash Allocation Management and Payments Agreement.

"Italian Accounts" means the Expenses Account, the Quota Capital Account, the Guarantor Payment Account and the Italian Collection Accounts.

"Italian BdB Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to

the BdB Portfolios, with number 201/89282 (IBAN: IT64Q0311111299000000089282), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Italian BPA Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BPA Portfolios, IBAN IT88F0311111299000000089319, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian BPB Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BPB Portfolios, IBAN IT14E0311111299000000089318, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian BPCI Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BPCI Portfolios, IBAN: IT32K0311111299000000089329, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian BRE Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BRE Portfolios, with number 201/89281 (IBAN: IT87P0311111299000000089281), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Italian BSG Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BSG Portfolios, IBAN: IT45 B031 1111 299000000089320, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian BVC Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the BVC Portfolios, IBAN: IT51E0311111299000000089331, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian Carime Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the Carime Portfolios, IBAN: IT 74 D031111299000000089330, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian UBIPI Collection Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank for the deposit of any amount related to the Collections pertaining to the Carime Portfolios, IBAN: IT55J0311111299000000089328, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Italian Collection Accounts" means, collectively, the Italian BdB Collection Account, the Italian BRE Collection Account and any other Italian collection account which shall be opened by the Guarantor upon any entity part of the UBI Group becoming part of the Programme as Seller, Sub-Servicer, Service Provider and Subordinated Lender, for the purpose of crediting therein collections pertaining to the Portfolios transferred to the Guarantor by such entity in its capacity as Seller.

"Latest Valuation" means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Prudential Regulations) addressed to the Seller or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

"Liability Swap Agreements" means the swap agreements entered on or about each Issue Date between the Guarantor and a liability swap provider.

"Liability Swap Provider" means any entity acting as a liability swap provider to the Guarantor pursuant to a Liability Swap Agreement.

"Loan Interest Period" means, in relation to any Term Loan: (i) the relevant First Interest Period; and thereafter (ii) each monthly period starting on a Guarantor Payment Date (excluded) and ending on the following Guarantor Payment Date (included).

"LTV" means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of a Real Estate Asset and the value of the relevant Mortgage Loan.

"Luxembourg Accounts" means the Luxembourg Collection Accounts and the Reserve Fund Account.

"Luxembourg Account Bank" means UBI Banca International S.A., acting in its capacity as Luxembourg account bank pursuant to the Cash Allocation, Management and Payments Agreement.

"Luxembourg Account Bank Deed of Guarantee" means the deed of guarantee in respect of the Luxembourg Account Bank entered into on or about 30 July 2008 between Unione di Banche Italiane S.c.p.a. as guarantor and UBI Finance S.r.l. as beneficiary.

"Luxembourg BdB Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BdB Collection Account, with number 978286 (IBAN: LU08 3010 9782 86EU R001; SWIFT CABILULL), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Luxembourg BdB Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BdB Collection Account, with number 978281 (IBAN: LU39 3010 9782 81EU R001; SWIFT CABILULL), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Luxembourg BPA Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BPA Collection Account, IBAN: LU12 3010 9816 96EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BPA Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BPA Collection Account, IBAN: LU43 3010 9816 91EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BPB Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BPB Collection Account, IBAN: LU68 3010 9809 36EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BPB Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BPB Collection Account, with IBAN: LU02 3010 9809 31EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BPCI Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BPCI Collection Account, IBAN: LU36 3010 9822 71EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BPCI Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BPCI Collection Account, with IBAN: LU67 3010 9822 66EU R001, or such

other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BSG Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BSG Collection Account, IBAN: LU40 3010 9822 86EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BSG Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BSG Collection Account, with IBAN: LU78 3010 9817 01EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BVC Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian BVC Collection Account, IBAN: LU09 3010 9822 91EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BVC Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian BVC Collection Account, with IBAN: LU40 3010 9822 86EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg BRE Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by Guarantor on the Italian BRE Collection Account, with number 978296 (IBAN: LU43 3010 9782 96EU R001; SWIFT CABILULL), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Luxembourg BRE Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by Guarantor on the Italian BRE Collection Account, with number 978291 (IBAN: LU74 3010 9782 91EU R001; SWIFT CABILULL), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Luxembourg Carime Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian Carime Collection Account, IBAN: LU71 3010 9822 81EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg Carime Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian Carime Collection Account, with IBAN: LU05 3010 9822 76EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg UBIPI Interest Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the interest Collections received by the Guarantor on the Italian UBIPI Collection Account, IBAN: LU98 3010 9822 61EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg UBIPI Principal Collection Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank for the deposit of the principal Collections received by the Guarantor on the Italian UBIPI Collection Account, with IBAN: LU32 3010 9822 56EU R001, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"Luxembourg Collection Accounts" means, collectively, the Luxembourg Principal Collection Accounts and the Luxembourg Interest Collection Accounts.

"Luxembourg Deed of Pledge" means the Luxembourg law deed of pledge over bank account entered into on 30 July 2008 between the Luxembourg Account Bank, the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors).

"Luxembourg Interest Collection Accounts" means collectively, the Luxembourg BdB Interest Collection Account, the Luxembourg BRE Interest Collection Account, the Luxembourg BPA Interest Collection Account, the Luxembourg BSG Interest Collection Account, the Luxembourg BPB Interest Collection Account, the Luxembourg BPCI Interest Collection Account, the Luxembourg BVC Interest Collection Account, the Luxembourg UBIPI Interest Collection Account, and any other Luxembourg interest collection accounts which shall be opened by the Guarantor upon any entity part of the UBI Group becoming part of the Programme as Seller, Sub-Servicer, Service Provider and Subordinated Lender.

"Luxembourg Principal Collection Accounts" means, collectively, the Luxembourg BdB Principal Collection Account, the Luxembourg BRE Principal Collection Account, the Luxembourg BPA Principal Collection Account, the Luxembourg BSG Principal Collection Account, the Luxembourg BPB Principal Collection Account, the Luxembourg BPCI Principal Collection Account, the Luxembourg BVC Principal Collection Account, the Luxembourg UBIPI Principal Collection Account and any other Luxembourg principal collection accounts which shall be opened by the Guarantor upon any entity part of the UBI Group becoming part of the Programme as Seller, Sub-Servicer, Service Provider and Subordinated Lender.

"Mandate Agreement" means the mandate agreement entered into on or about 30 July 2008 between the Representative of the Covered Bondholders and the Guarantor.

"Margin" has the meaning ascribed to such term under the Final Terms.

"Master Definitions Agreement" means the master definitions agreement entered into on or about 30 July 2008, between the Issuer, the Guarantor and the Other Creditors.

"Master Loans Purchase Agreement" means each master loans purchase agreement entered into between the Guarantor and a Seller.

"Master Servicer" means Unione di Banche Italiane S.c.p.A., in its capacity as master servicer pursuant to the Master Servicing Agreement.

"Master Servicer Termination Event" means any of the events set out under clause 10.1 (*Casi di revoca del mandato del Master Servicer*) of the Master Servicing Agreement, which allows the Guarantor to terminate the Master Servicer's appointment and appoint a Substitute Master Servicer.

"Master Servicing Agreement" means the master servicing agreement entered into on 30 June 2008 between the Guarantor, the Issuer, the Master Servicer, the Service Providers and the Sub-Servicers.

"Maturity Date" means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"Monte Titoli" means Monte Titoli S.p.A.

"Moody's" means Moody's Investors Service Inc.

"Mortgage Loan Agreement" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement, as the case may be, out of which the Receivables arise.

"Mortgage Loan" means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be.

"Mortgages" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets or the Commercial Assets, as the case may be, pursuant to Italian law in order to secure claims in respect of the Receivables.

"Mortgagor" means any person, either a borrower or a third party, who has granted a Mortgage in favour of a Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"Negative Carry Factor" means a percentage (which will never be less than 0.5 per cent.) calculated by reference to the weighted average margin of the Covered Bonds.

"Net Present Value Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Net Present Value" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"New Portfolio" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, and/or Top-Up Assets which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"Nominal Value" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Nominal Value Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Official Gazette " means *La Gazzetta Ufficiale della Repubblica Italiana*.

"Organisation of the Covered Bondholders" means the association of the Covered Bondholders, organised pursuant to the Rules of the Organisation of the Covered Bondholders.

"Other Creditors" means the Sellers, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor and the Swap Providers.

"Other Issuer Creditors" means the Principal Paying Agent, any Liability Swap Provider, the Asset Monitor and any other Issuer's creditor which may from time to time be identified as such in the context of the Programme.

"Outstanding Principal" means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

"Outstanding Principal Amount" has the meaning ascribed to such term in the Conditions.

"Outstanding Principal Balance" means any principal balance outstanding in respect of a Mortgage Loan.

"Portfolio" means, in respect of each Seller, collectively, the Initial Portfolio and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"Portfolio Manager" means the entity appointed as such in accordance with of the Cover Pool Management Agreement.

"Post-Enforcement Priority of Payments" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"Potential Set-Off Amount" means an amount, calculated by the Issuer as a percentage of the Cover Pool that the Issuer determines as potentially subject to set-off by the Debtors.

"Pre-Issuer Event of Default Interest Priority of Payments" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"Pre-Issuer Event of Default Principal Priority of Payments" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"Premium" means the premium payable by the Guarantor to each Seller in accordance with the relevant Subordinated Loan Agreement, as determined thereunder.

"Principal Available Funds" has the meaning ascribed to such term in the Section named "*Cashflows*".

"Principal Instalment" means the principal component of each Instalment.

"Principal Paying Agent" means The Bank of New York Mellon (Luxembourg) S.A., Italian Branch, acting in its capacity as principal paying agent pursuant to the Cash Allocation, Management and Payments Agreement.

"Priority of Payments" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

"Privacy Law" means the Italian Legislative Decree number 196 of 30 June 2003, as subsequently amended, modified or supplemented, together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*.

"Programme" means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-bis of the Securitisation and Covered Bond Law.

"Programme Agreement" means the programme agreement entered into on or about 30 July 2008 between, *inter alios*, the Guarantor, the Issuer and the Dealers.

"Prospectus" means the prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

"Prospectus Directive" means Directive 2003/71/EC of 4 November 2003.

"Prudential Regulations" means the prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular No. 263 (*Nuove disposizioni di vigilanza prudenziale per le banche*).

"Public Entities" means:

- (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach;
- (ii) public entities, located outside the European Economic Area or Switzerland, for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach — or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"Public Entity Receivables" means, pursuant to article 2, sub-paragraph 1, of Decree 310, any receivables owned by, or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"Public Entity Securities" means pursuant to article 2, sub-paragraph 1, of Decree 310, any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"Purchase Price" means, in relation to the Initial Portfolio and each New Portfolio transferred by a Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the relevant Master Loans Purchase Agreement.

"Quotaholders' Agreement" means the agreement entered into on or about 30 July 2008, between UBI, Stichting Mara, the Guarantor and the Representative of the Covered Bondholders.

"Quotaholders" means Unione di Banche Italiane S.c.p.A. and Stichting Mara.

"Quota Capital" means the quota capital of the Guarantor, equal to Euro 10,000.

"Quota Capital Account" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank, with number 201/89283 (IBAN: IT41R031111299000000089283) for the deposit of the Quota Capital.

"Rating Agencies" means Fitch and Moody's.

"Real Estate Assets" means the real estate properties which have been mortgaged in order to secure the Receivables.

"Receivables" means specifically each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Transfer Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to each Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements, including penalties and any other amount due to each Seller in the case of prepayments of the Mortgage Loans, and to the warranties and insurance related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Transfer Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which each Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (*garanzie reali o garanzie personali*) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Sellers in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

"Receiver" means any receiver, manager or administrative receiver appointed in accordance with clause 9 (*Appointment of Receiver*) of the Deed of Charge.

"Recoveries" means any amounts received or recovered by the Master Servicer, or by each Sub-Servicer in accordance with the terms of the Master Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

"Relevant Portfolio" means, in respect of each Asset Swap Agreement, the Portfolio transferred to the Guarantor by the Asset Swap Provider which is party thereto.

"Relevant Seller Portfolio Test" means the test that the Calculation Agent will perform on each Calculation Date in the same manner as the Nominal Value Test, with respect to the Portfolio transferred by each relevant Seller.

"Representative of the Covered Bondholders" means BNY Corporate Trustee Services Limited, acting in its capacity as representative of the Covered Bond holders pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions and the Final Terms of each Series of Covered Bonds.

"Reserve Fund Account" means the Euro denominated account established in the name of the Guarantor with the Luxembourg Account Bank with number 978301 (IBAN: LU12 3010 9783 01EU R001; SWIFT CABILULL), or such other substitute account as may be opened in accordance with the Cash Allocation Management and Payments Agreement.

"Reserve Fund Amount" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to:

- (i) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Calculation Period, *plus*
- (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the items (a) to (c) of the Pre- Issuer Event of Default Interest Priority of Payments.

"Residential Mortgage Loan" means, pursuant to article 2, sub-paragraph 1, of Decree 310, any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"Residential Mortgage Loan Agreement" means any residential mortgage loan agreement out of which Receivables arise.

"Securities Act" means the U.S. Securities Act of 1933.

"Securitisation and Covered Bond Law" means Italian Law No. 130 of 30 April 1999.

"Seller" means any seller in its capacity as such pursuant to the relevant Master Loans Purchase Agreement.

"Series of Covered Bonds" means each series of Covered Bonds issued in the context of the Programme.

"Service Provider" means each Seller, in its capacity as service provider pursuant to the Master Servicing Agreement.

"Service Provider's Termination Event" means any of the events set out under clause 11.1 (*Casi di Revoca del Mandato del Service Provider*) which allows the Guarantor to terminate the Service Provider appointment, pursuant to the Master Servicing Agreement.

"Sole Affected Party" means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

"Specific Criteria" means the criteria as described in Section named "*Description of the Cover Pool*" above.

"Specified Currency" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).

"Statutory Tests" means such tests provided for under article 3 of Decree 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further described in the Section named "*Credit Structure*" above.

"Subordinated Lender" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement.

"Subordinated Loan Agreement" means each subordinated loan agreement entered into between a Subordinated Lender and the Guarantor.

"Substitute Master Servicer" means the successor to the Master Servicer which may be appointed by the Guarantor, upon the occurrence of a Master Servicer Termination Event, pursuant to clause 10.4 (*Sostituto del Master Servicer*) of the Master Servicing Agreement.

"Sub-Servicer" means each Seller, in its capacity as sub-servicer pursuant to the Master Servicing Agreement.

"Substitute Master Servicer" means the successor of the Master Servicer upon the occurrence of a Master Servicer Termination Event, which may be appointed by the Guarantor pursuant to clause 10.4 (*Sostituto del Master Servicer*) of the Master Servicing Agreement.

"Swap Agreements" means, collectively, each Asset Swap Agreement, Liability Swap Agreement and any other swap agreement that may be entered into in connection with the Programme.

"Swap Calculation Period" has the meaning given to the term "Calculation Period" in each Asset Swap Agreement.

"Swap Collateral Excluded Amounts" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

"Swap Providers" means, collectively, the Asset Swap Providers, the Liability Swap Providers and the providers of any other swap agreements entered into in connection with the Programme.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer payments system which utilises a single shared platform and which was launched on 19 November 2007.

"Term Loan" means a loan made or to be made available to the Guarantor under the Facility or the principal amount outstanding for the time being of that loan, in accordance with each Subordinated Loan Agreement.

"Tests" means, collectively, the Statutory Tests and the Amortisation Test.

"Test Grace Period" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the immediately following Calculation Date.

"Test Performance Report" means the report to be delivered, on each Calculation Date, by the Calculation Agent pursuant to the terms of the Cover Pool Management Agreement.

"Top-Up Assets" means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of Decree 310, each of the following assets:

- (i) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach; and
- (ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding one year.

"Total Commitment" with respect to each Subordinated Lender, has the meaning ascribed to such term under the relevant Subordinated Loan Agreement.

"Tranche" means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

"Transaction Documents" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitoring Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements, each Asset Swap Deed of Guarantee, the Mandate Agreement, the Quotaholders' Agreement, the Conditions, each Final Terms, the Deed of Charge, the Deeds of Pledge, the Luxembourg Account Bank Deed of Guarantee, the Master Definitions Agreement and any other agreement entered into from time to time in connection with the Programme.

"Transfer Date" means: (a) with respect to the Initial Portfolio, 1 July 2008; and (ii) with respect to New Portfolios, the date designated by each Seller in the relevant Transfer Notice.

"Transfer Notice" means, in respect to each New Portfolio, such transfer notice which will be sent by each Seller and addressed to the Guarantor in the form set out in the relevant Master Loans Purchase Agreement.

"Treaty" means the treaty establishing the European Community.

"UBI" means Unione di Banche Italiane S.c.p.A., means a joint-stock co-operative company (*società co-operativa per azioni*) incorporated under the laws of the Republic of Italy with its registered office at Piazza Vittorio Veneto 8, 24100 Bergamo, fiscal code and enrolment in the companies register of Bergamo No. 03053920165, enrolled under No. 3111.2 with the register of banks held by the Bank of Italy in accordance with article 13 of the Consolidated Banking Act and enrolled with the register held by the Bank of Italy in accordance with article 64 of the Consolidated Banking Act.

"UBIPI" means UBI Banca Private Investment S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Via Cefalonia 74, 25124 Brescia, Italy, fiscal code and enrolment with the companies register of Brescia number 00485260459, enrolled under number 5365, with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.

"UBIPI Portfolios" means the portfolios transferred by UBIPI to the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"UBI Group" means a banking group whose structure includes, as at the date this Prospectus 2009, Unione di Banche Italiane S.c.p.A. as parent company and the following banks: (i) Banca Popolare di Bergamo S.p.A., (ii) Banco di Brescia S.p.A., (iii) Banca Popolare Commercio e Industria S.c.a r.l., (iv) Banca Regionale Europea S.p.A., (v) Banca Popolare di Ancona S.p.A., (vi) Banco di San Giorgio S.p.A., (vii) Banca Carime S.p.A., (viii) Banca di Valle Camonica S.p.A. and (ix) UBI Banca Private Investment S.p.A.

"VAT" means *Imposta sul Valore Aggiunto (IVA)* as defined in D.P.R. number 633 of 26 October 1972.

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into between a Seller and the Guarantor.

"Weighted Average Balance" means in respect of Loans in a Swap Calculation Period, the aggregate outstanding balance of the Loans in the Relevant Portfolio on the first day of such Swap Calculation Period plus the aggregate outstanding balance of the Loans in the Relevant Portfolio on the last day of such Swap Calculation Period divided by two.

ISSUER

UBI Banca S.c.p.a.
Piazza Vittorio Veneto, 8
24122 Bergamo
Italy

GUARANTOR

UBI Finance S.r.l.
Foro Buonaparte 70
20121 Milan
Italy

ARRANGER

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

DEALERS

Barclays Bank PLC
The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

**Crédit Agricole Corporate and
Investment Bank**
9, quai du Président Paul Doumer
92 920 Paris La Defense Cedex
France

Commerzbank Aktiengesellschaft
Kaiserplatz
60261 Frankfurt am Main
Federal Republic of
Germany

**Deutsche Bank
Aktiengesellschaft**
Große Gallusstraße 10–14
60272 Frankfurt
Germany

**DZ BANK AG Deutsche
Zentral-Genossenschaftsbank,
Frankfurt am Main**
Platz der Republik
60265 Frankfurt am
Main Germany

ING Bank N.V.
Foppingadreef 7,
1102 BD Amsterdam
The Netherlands

**Landesbank
Baden-Württemberg**
Am Hauptbahnhof 2
70173 Stuttgart
Germany

Natixis
30 avenue Pierre Mendès France
75013 Paris
France

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

UniCredit Bank AG
80333 Munich
Kardinal-Faulhaber-Straße 1
Germany

REPRESENTATIVE OF THE COVERED BONDHOLDERS

BNY Corporate Trustee Services Limited
One Canada Square
Canary Wharf
London E14 5AL
United Kingdom

PRINCIPAL PAYING AGENT

The Bank of New York Mellon (Luxembourg) S.A., Italian Branch

Via Carducci, 31
20123 Milan
Italy

LEGAL ADVISERS

*To the Dealers as to English law,
Italian law and Italian tax law*

Clifford Chance Studio Legale Associato

Piazzetta M. Bossi 3
20121 Milan
Italy

*To the Issuer and the Sellers
as to Italian law*

Chiomenti Studio Legale

Via XXIV Maggio, 43
00187 Rome
Italy

*To the Representative of the Covered
Bondholders, as to Italian law*

Pavia e Ansaldo Studio Legale Associato

Via Bocca di Leone, 78
00187 Roma
Italy

AUDITORS TO THE ISSUER

KPMG S.p.A.

Via Vittor Pisani 25
20124 Milan
Italy