

# UBI Banca

**Unione di Banche Italiane S.c.p.a.**

*(Incorporated as a joint stock co-operative society in the Republic of Italy under registered number 03053920165 in the Bergamo Company Register)*

## *Euro 15,000,000,000 Debt Issuance Programme*

Under the Debt Issuance Programme described in this Prospectus (the "Programme"), Unione di Banche Italiane S.c.p.a. ("UBI Banca", or the "Issuer"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes"). The aggregate nominal amount of Notes outstanding will not at any time exceed Euro 15,000,000,000 (or the equivalent in other currencies).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for Notes issued under the Programme for the period of 12 months from the date of this Prospectus to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's EEA Regulated Market (the "Market"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments). However, unlisted Notes may also be issued pursuant to the Programme. The relevant Final Terms (as defined on page 9) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange).

Each Series (as defined on page 8) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). If the Global Notes are stated in the applicable Final Terms to be issued in new global note ("NGN") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates"). If a Global Certificate is held under the New Safekeeping Structure ("NSS") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Global Certificates which are not held under the NSS may be deposited on the issue date of the relevant Tranche with (i) a common depository on behalf of Euroclear and Clearstream (the "Common Depository") or (ii) any other agreed clearing system. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions relating to the Notes while in Global Form".

The Programme has been rated 'BBB+' (Senior unsecured debt) and 'BBB' (Subordinated debt (Lower Tier 2)) by Standard & Poor's Credit Market Services Italy S.r.l. ("S&P"), 'Baa2' (Senior unsecured) and 'Ba1' (Lower Tier 2 subordinated) by Moody's Italia S.r.l. ("Moody's") and 'BBB+' (Senior unsecured debt) by Fitch Italia Società Italiana per il Rating S.p.A. ("Fitch"). For further information on the ratings assigned to UBI Banca see "UBI Banca and the UBI Banca Group – Ratings". S&P, Moody's and Fitch are established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "CRA Regulation"). Tranches of Notes (as defined in "Overview of the Programme") may be rated or unrated. Where a Tranche of Notes is to be rated, the rating assigned will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes 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. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

**J.P. Morgan**

Dealers

**Banca IMI**  
**Barclays**  
**BofA Merrill Lynch**  
**Citigroup**  
**Credit Suisse**  
**Deutsche Bank**  
**Goldman Sachs International**  
**ING Commercial Banking**  
**Mediobanca**  
**MPS Capital Services**  
**Société Générale Corporate & Investment Banking**  
**UBS Investment Bank**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
**BNP PARIBAS**  
**Centrobanca**  
**Crédit Agricole CIB**  
**DBS Bank Ltd.**  
**Dexia Crediop SpA**  
**HSBC**  
**J.P. Morgan**  
**Morgan Stanley**  
**Nomura**  
**The Royal Bank of Scotland**  
**UniCredit Bank**

*This Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive") and for the purposes of giving information with regard to the Issuer and its consolidated subsidiaries (each a "Subsidiary" and together with the Issuer, the "Group" or the "UBI Banca Group") which, according to the particular nature of the Notes, 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.*

*The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (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.*

*This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by final terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for 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, in each case, in relation to such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.*

*This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"), which documents form part of the Prospectus.*

*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 Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or the UBI Banca Group or any of the Dealers or the Arranger (as defined in "Overview of the Programme"). 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 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 Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or 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 or the Dealers to subscribe for, or purchase, any Notes.*

*The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be 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 Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes 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 Notes in the European Economic Area, the United Kingdom, the Republic of Italy, the Netherlands, Singapore and Japan. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".*

*To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. 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 Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this*

*Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.*

*In this Prospectus, unless otherwise specified or the context otherwise requires, all references to “£” or “Sterling” are to the currency of the United Kingdom, all references to “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 on the Functioning of the European Union, 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 Notes, 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 Notes, 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 Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there can be no assurance that the Stabilising Manager(s) (or any person acting on behalf of any 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 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.*

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

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

*Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to investors’ overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio.*

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## Documents 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 Financial Services Authority:

- (a) the audited consolidated financial statements of UBI Banca for the financial year ended 31st December 2011, together with the audit report thereon;
- (b) the audited consolidated financial statements of UBI Banca for the financial year ended 31st December 2010, together with the audit reports thereon;
- (c) the unaudited consolidated quarterly financial statements of UBI Banca for the three months ended 31st March 2012;
- (d) the Terms and Conditions on pages 18 to 37 of the prospectus dated 2nd July 2007 relating to the Programme;
- (e) the Terms and Conditions on pages 20 to 40 of the prospectus dated 17th September 2008 relating to the Programme;
- (f) the Terms and Conditions on pages 22 to 42 of the prospectus dated 6th August 2009 relating to the Programme;
- (g) the Terms and Conditions on pages 23 to 43 of the prospectus dated 13th August 2010 relating to the Programme; and
- (h) the Terms and Conditions on pages 25 to 46 of the prospectus dated 8th August 2011 relating to the Programme.

Items (a) to (c) above are contained in the UBI Banca Report and Accounts 2011, the UBI Banca Report and Accounts 2010 and the UBI Banca Quarterly Financial Report at 31st March 2012, respectively, at the pages set out in the cross reference tables below.

Such information shall be incorporated in, 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 documents themselves incorporated by reference in the information incorporated by reference in this Prospectus shall not form part of this Prospectus.

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

For ease of reference, the table below sets out the relevant page references for the information contained in the financial statements referred to above, which is incorporated in and forms part of this Prospectus. Any information not listed in the cross reference table below but included in the publication in which information incorporated by reference appears, does not form part of this Prospectus as it is either not relevant for prospective investors in the Notes or is covered elsewhere in this Prospectus.

<b>Audited consolidated financial statements of UBI Banca for the year ended 31st December 2011</b>	
Report of the Independent Auditors	Pages 227-228
Consolidated Balance Sheet	Page 231
Consolidated Income Statement	Page 232
Statement of Changes in Consolidated Equity	Pages 234-235
Consolidated Statement of Cash Flows	Pages 236-237
Notes to the Consolidated Financial Statements	Pages 238-468

**Audited consolidated financial statements of UBI Banca for the year ended 31st December 2010**

Report of the Independent Auditors .....Pages 210-211  
Consolidated Statement of Financial Position .....Pages 213  
Consolidated Income Statement .....Page 214  
Statement of Changes in Consolidated Equity .....Pages 216-217  
Consolidated Statement of Cash Flows .....Pages 218-219  
Notes to the Consolidated Financial Statements .....Pages 220-448

**Unaudited quarterly consolidated financial statements for the three months ended 31st March 2012**

Consolidated Balance Sheet .....Page 86  
Consolidated Income Statement .....Page 87  
Statement of Changes in Consolidated Equity .....Pages 88-89  
Consolidated Statement of Cash Flows .....Page 90  
Notes .....Pages 91-92

## **Supplementary Prospectuses**

If at any time the Issuer shall be required to prepare a supplementary prospectus pursuant to Section 87(G) of the Financial Services and Markets Act 2000 (the "FSMA"), the Issuer will prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus which, in respect of any subsequent issue of Notes to be listed, shall constitute a supplemental prospectus as required by the UK Listing Authority and Section 87 of the FSMA.

UBI Banca has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus which is capable of affecting the assessment of any Notes whose inclusion in, or removal from, this Prospectus is necessary, for the purpose of enabling an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, and the rights attaching to the Notes, the Issuer shall notify the Dealers on or before the next following issue of Notes, prepare and deliver an amendment or supplement to this Prospectus or publish a replacement Prospectus on or before the next following issue of Notes and shall supply to each Dealer such number of copies of such amendment, supplement or replacement Prospectus as such Dealer may reasonably request.

## Overview of the Programme

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 Notes, the applicable Final Terms. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meaning in this overview. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event a supplement to this Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Issuer	Unione di Banche Italiane S.c.p.a.
Description	Euro 15,000,000,000 Debt Issuance Programme
Size	Up to Euro 15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	J.P. Morgan Securities Ltd.
Dealers	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Barclays Bank PLC BNP Paribas Centrobanca — Banca di Credito Finanziario e Mobiliare S.p.A. Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited DBS Bank Ltd. Deutsche Bank AG, London Branch Dexia Crediop S.p.A. Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities Ltd. Mediobanca — Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc MPS Capital Services S.p.A. Nomura International plc Société Générale The Royal Bank of Scotland plc UBS Limited UniCredit Bank AG
	The Issuer may from time to time terminate the appointment of any Dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent	Citibank, N.A., London branch
Method of Issue	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the selling restrictions set forth in "Subscription and Sale". The Notes will be issued in series (each a "Series") having one or more



issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms document (the "Final Terms").

Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
Form of Notes	Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Overview of the Programme — Selling Restrictions"); otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("Global Certificates").
Clearing Systems	Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system (including without limitation Monte Titoli) as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes	On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depository for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency if the Issuer and the relevant Dealer(s) so agree.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years as

	<p>specified in the relevant Final Terms. Unless otherwise permitted by then current laws, regulations and directives, (i) Lower Tier II Subordinated Notes will have a maturity of not less than five years, (ii) Upper Tier II Subordinated Notes will have a maturity of not less than 10 years (and redemption on the date of maturity will in any event be subject to the prior approval of the Bank of Italy) and (iii) Tier III Subordinated Notes will have a maturity of not less than two years.</p>
Denomination	<p>Definitive Notes will be in such denominations as may be specified in the relevant Final Terms ("Specified Denomination") save that (i) in the case of any Notes which are to be 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, the minimum denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA will have a minimum redemption value of £100,000 (or its equivalent in other currencies).</p>
Fixed Rate Notes	<p>Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.</p>
Floating Rate Notes	<p>Floating Rate Notes will bear interest set separately for each Series as follows: (i) 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 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association. Inc.; or (ii) by reference to LIBOR or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) or on such other basis as may be specified in the relevant Final Terms as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.</p>
Zero Coupon Notes	<p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
Dual Currency Notes	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies and based on such rates of exchange as may be specified in the relevant Final Terms.</p>
Index Linked Notes	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Final Terms.</p>
Variable Coupon Amount Notes	<p>The Final Terms issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.</p>

Interest Periods and Rates of interest	The lengths of the interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Variable Redemption Amount Notes	The Final Terms issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Final Terms.
Other Notes	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, Partly Paid Notes and any other type of Note that the Issuer, the Trustee and any Dealer or Dealers may agree to issue under the Programme will be set out in the relevant Final Terms.
Rating	The Programme has been rated by S&P, Moody's and Fitch. Tranches of Notes may be rated or unrated. Where a Tranche of Notes is to be rated, the rating assigned will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. Whether or not a rating in relation to any Tranche of Notes 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. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Redemption	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Redemption by Instalments	The Final Terms issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Structured Note Risks	<p><i>The following paragraph does not describe all the risks of an investment in the Notes. Prospective purchasers should consult their own financial and legal advisers about the risks associated with investment in a particular Series of Notes and the suitability of investing in the Notes in light of their particular circumstances.</i></p> <p>An investment in Notes, the premium and/or the interest on or principal of which is determined by reference to one or more values of currencies, commodities, rates of interest or other indices or formulae, either directly or inversely, may entail significant risks not associated with similar investments in a conventional debt security, including the risk that the resulting rate of interest will be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Notes.</p>

	<p>Neither the current nor the historical value of the relevant currencies, commodities, rates of interest or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, rates of interest or other indices or formulae during the term of any Note.</p>
<p>Optional Redemption</p>	<p>The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders and, if so, the terms applicable to such redemption.</p> <p>Under applicable laws and regulations at the date of this Prospectus, other than for taxation reasons or following an event of default, Lower Tier II Subordinated Notes may not be repaid prior to five years from the relevant Issue Date, Upper Tier II Subordinated Notes may not be repaid prior to 10 years from the relevant Issue Date and Tier III Subordinated Notes may not be repaid prior to two years from the relevant Issue Date. Other than following an event of default, any redemption of Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes or Tier III Subordinated Notes prior to their stated maturity (including early redemption for taxation reasons) will be subject to the prior approval of the Bank of Italy.</p>
<p>Status of Notes</p>	<p>Notes may be issued by UBI Banca on a subordinated or unsubordinated basis, as specified in the relevant Final Terms.</p> <p>Senior Notes will constitute unsubordinated and unsecured obligations of UBI Banca, as described in “Terms and Conditions of the Notes — Status of the Notes”.</p> <p>Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes and Tier III Subordinated Notes all constitute subordinated obligations of UBI Banca, all as described in “Terms and Conditions of the Notes — Status of the Notes”.</p>
<p>Loss Absorption on Upper Tier II Subordinated Notes</p>	<p>To the extent that UBI Banca at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, would require the Issuer to reduce its capital to below the minimum capital required for the Issuer as provided by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy’s authorisation to conduct banking activity (“Minimum Capital”), the obligations of UBI Banca in respect of interest and principal under Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable the Issuer, in accordance with the requirements of Italian law, to maintain at least the required Minimum Capital. The obligations of the Issuer in respect of interest and principal due under Upper Tier II Subordinated Notes which are so reduced will be subject to reinstatement in certain circumstances.</p>
<p>Deferral of Interest on Upper Tier II Subordinated Notes</p>	<p>UBI Banca is not required to pay interest on Upper Tier II Subordinated Notes on an Interest Payment Date if (i) no annual dividend has been approved by the shareholders of UBI Banca or paid in respect of any class of shares during the 12-month period ended on the date immediately preceding such Interest Payment Date; or (ii) the Board of Directors of UBI Banca has announced at the time of publication of any interim accounts of UBI Banca published during the six months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.</p>

Tier III Subordinated Notes	Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes shall (i) have a different minimum maturity period, as specified in the relevant Final Terms; and (ii) be subject to a lock-in clause pursuant to which payments of interest and repayment of principal amount cannot be effected if such payments or repayment would reduce the total value of UBI Banca's assets below the Minimum Capital.
Negative Pledge	None
Cross Default	Applicable to Senior Notes only. See "Terms and Conditions of the Notes — Events of Default".
Early Redemption	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for taxation reasons. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".
Withholding Tax	All payments of principal, interest, premium and other amounts in respect of the Notes will be made free and clear of withholdings or deductions 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, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In such a case, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions (including the IPMA Standard EU Exceptions), all as described in "Terms and Conditions of the Notes — Taxation".
Governing Law	English (except for Conditions 3(b), 3(c) and 3(d) which shall be governed by Italian law). See "Terms and Conditions of the Notes — Governing Law and Jurisdiction".
Listing	Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange or as otherwise specified in the relevant Final Terms. As specified in the relevant Final Terms, a Series of Notes may be unlisted.
Redenomination, Renominalisation and/or Consolidation	Notes denominated in a currency that may, after the start of the third stage of Economic and Monetary Union, be converted into euro, may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in Euro, as specified in the Final Terms.
Selling Restrictions	<p>United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a denomination of less than €100,000 (or its equivalent in any other currency as at the date of issue of the Notes)), United Kingdom, The Netherlands, Republic of Italy, Singapore and Japan. See "Subscription and Sale".</p> <p>Category 1 selling restrictions will apply for the purposes of Regulation S under the Securities Act.</p> <p>The Notes will be issued in compliance with US Treas. Reg. 1/21.163-5(c)(2)(i)(D) (the "D Rules") unless (i) the relevant Final Terms state that Notes are issued in compliance with US Treas. Reg.</p>

1/21.163-5(c)(2)(i)(C) (the "C Rules") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

## Risk Factors

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated by reference herein) and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme**

#### *Risks concerning liquidity*

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

The global financial system has yet to overcome the difficulties which first manifested themselves in August 2007 and were intensified by the bankruptcy filing of Lehman Brothers in September 2008. Financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone has progressively intensified, despite measures taken by several governments, institutional and supranational organisations and monetary authorities to provide financial assistance to Euro-zone countries in economic difficulty, such as the International Monetary Fund and European Union financial support packages agreed for Greece, Ireland, Portugal and Spain. Credit quality has generally declined, as reflected by the repeated downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis. The large sovereign debts and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. Concerns also persist regarding the overall stability of the euro and the suitability of the euro as a single currency, given the diverse economic and political circumstances in individual member states of the Euro-zone.

There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal, Ireland and Spain will be sufficient to avert "contagion" to other countries. If sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the Group's ratings and/or the ratings of the sector were to be further adversely affected, this may have a materially adverse impact on the Group. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have a material adverse effect on the liquidity funding and value of the assets of all Italian financial services institutions, including the Group.

Any further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur may severely destabilise the markets and have a material adverse effect on the Group's operating results, financial condition, prospects as well as on the marketability of the Notes. This might also impact on the Group's credit ratings, borrowing costs and access to liquidity. A further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur would be likely to have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a "double dip" recession. These risks are exacerbated by concerns over the levels of the public debt of, and the weakness of the economies in, Ireland, Greece, Portugal, Italy and Spain in

particular and concerns regarding the overall stability of the euro. Further instability within these countries or other countries within the Euro-zone might lead to contagion.

These concerns may impact the value of the assets of Euro-zone banks and their ability to access the funding they need, or may increase the costs of such funding, which may cause such banks to suffer liquidity stress. If the current concerns over sovereign and bank solvency continue, there is a danger that inter-bank funding may become generally unavailable or available only at elevated interest rates, which might impact the Group's access to, and cost of, funding. Should the Group be unable to continue to source a sustainable funding profile, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely impacted.

#### *Impact of austerity measures on the Group*

The austerity measures introduced by the Italian government pursuant to Law Decree No. 98 of 6 July 2011, as converted by Law No. 111 of 15th July 2011 and Law Decree No. 138 of 13th August 2011, as converted by Law No. 148 of 14th September 2011, could reduce household disposable incomes and firms' profitability and, consequently, may generate pressure on the ability of households and businesses to service their loans and meet their other financial obligations to the Group and to other operators in the Italian banking sector.

#### *Impact of events which are difficult to anticipate*

The Group's earnings and business are affected by general economic conditions, the performance of financial markets (including liquidity constraints) 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 Group's products and services, the credit quality of borrowers and counterparties (with potentially negative effects on the recovery of loans or other amounts due from borrowers and counterparties of the Group) and the value of the Group's investment and trading portfolios, and can influence the Group's balance sheet and economic results.

#### *Changes in interest rates*

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

#### *Competition*

In recent years the Italian banking sector has been characterised by ever increasing competition which, together with the level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates and subsequent difficulties in maintaining a positive growth trend in interest rate margin. In particular, such competition has had two main effects:

- (a) a progressive reduction in the differential between lending and borrower interest rate, which may result in the Group facing difficulties in maintaining its actual rate of growth in interest rate margins; and
- (b) a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and orders collection, due to competition on prices.

Both of the above factors may adversely affect the Group's financial condition and result of operations. In addition, downturns in the Italian economy could add to the competitive pressure through, for example, increased price pressure and lower business volumes for which to compete.

#### *Credit and market risk*

To the extent that any of the instruments and strategies used by the Group to hedge or otherwise manage its exposure to credit or market risk are not effective, the Group may not be able to mitigate effectively its risk exposure in particular market environments or against particular types of risk. The Group's trading revenues and interest rate 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 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.

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

#### *Protracted market declines and reduced liquidity in asset markets*

Protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, including (but not limited to) derivatives contracts between banks, may be calculated by the Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the Group's 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 Group's securities 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 Group has devoted significant resources to developing policies, procedures and assessment methods to manage market, credit, liquidity and operating risks and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risks, including risks that the Group fails to identify or anticipate. If existing or potential customers believe that the Group's risk management policies and procedures are inadequate, its reputation as well as its revenues and profits may be negatively affected.

#### *Operational risk*

The Group, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. The Group's systems and processes are designed to ensure that the operational risks associated with 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 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 Group has a widespread geographic distribution in Italy consisting of 1,875 branches (as at 31st December 2011), over 66% 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, Marche, and Apulia). The Group relies for its distribution system on local banks with long-standing, deep-rooted traditions in their respective territories.

#### *Legal proceedings*

The 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 or geo-physical events, terrorist attacks and similar events could have a negative impact on the business and results of the Issuer*

Catastrophic or geo-physical 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 and at a European level. 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 and people and compliance with which may place additional burdens or restrictions on the Issuer.

In December 2009, the Basel Committee on Banking Supervision (the "Basel Committee") proposed strengthening the global capital framework, and in December 2010, January 2011 and July 2011, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("Basel III"), which envisage a substantial strengthening of existing capital rules, including by, among other things, raising the quality of the Core Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base), introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability, strengthening the risk coverage of the capital framework, promoting the build up of capital buffers and introducing a new leverage ratio and global minimum liquidity standards for the banking sector.

In July 2011, the European Commission issued its proposed reform package for the implementation of Basel III into the EU through the combination of an amendment to the Capital Requirements Directive (known as the "CRD IV") and the implementation of an EU regulation (known as the "CRR" and, together with the CRD IV, the "Capital Requirements Package" or "Package" or "CRR/CRD IV"). The Package is largely consistent with the Basel Committee proposals described above. Drafts of the CRD IV and the CRR have been released by the European Commission but are not scheduled to be published in final form until at least the middle of 2012. The rules are expected to enter into force by 1st January 2013, though subject to a series of transitional arrangements with phasing in of the rules occurring over a period of time.

These changes in the regulatory framework and in how such regulations are applied may have a material effect on the Group's business and operations. As the new framework of banking laws and regulations affecting the Group 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 Group.

Should the Issuer not be able to implement the approach to capital requirements it considers optimal, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit the Issuer's growth opportunities.

*Increased Capital Requirements*

Under the CRD IV and Basel III framework, the minimum capital requirement for common equity tier 1 ("CET1") (which does not include hybrid capital) will be phased in gradually from the current 2 per cent. of risk-weighted assets to up to 9.5 per cent. in 2019. The 9.5 per cent. requirement will include a "capital conservation buffer requirement" of 2.5 per cent. and a "countercyclical buffer requirement" of 0-2.5 per cent. in addition to a minimum base requirement of 4.5 per cent. The countercyclical buffer requirement will apply in periods of excess lending growth in the economy and can vary for each jurisdiction. For each

systemically important bank ("SIB") there will be additional buffer requirements on top of the 9.5 per cent. However, the amount of any applicable SIB buffer will not be known until CRD IV has been finalised and any national discretion in relation to that SIB buffer has been exercised. The Issuer is not currently included in the list of financial institutions of global systemic importance, published on 4th November 2011 by the Financial Stability Board.

*The Group may be subject to the provisions of the Crisis Management Directive, once finalised and implemented, in the future.*

On 6th June 2012, the European Commission published a legislative proposal for a directive providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "Crisis Management Directive" or "CMD"). The stated aim of the draft CMD is to provide authorities with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. The powers provided to authorities in the draft CMD are divided into three categories: (i) preparatory steps and plans to minimise the risks of potential problems (preparation and prevention); (ii) in the event of incipient problems, powers to arrest a bank's deteriorating situation at an early stage so as to avoid insolvency (early intervention); and (iii) if insolvency of an institution presents a concern as regards the general public interest, a clear means to reorganise or wind down the bank in an orderly fashion while preserving its critical functions and limiting to the maximum extent any exposure of taxpayers to losses in insolvency (resolution).

The draft CMD currently contains four resolution tools and powers: (i) sale of business – which enables resolution authorities to the sale of the institution or the whole or part of its business on commercial terms without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of an institution to a "bridge bank" (a publically controlled entity); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to an asset management vehicle to allow them to be managed and worked out over time; and (iv) bail in – which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured debt claims to equity (subject to certain parameters as to which liabilities would be eligible for the bail in tool).

The draft CMD contemplates that it will be implemented in Member States by 31st December 2014 except for the bail in tool which is to be implemented by 1st January 2018.

The powers currently set out in the draft CMD would impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. However, the proposed directive is not in final form and changes may be made to it in the course of the legislative procedure. As such, it is too early to anticipate the full impact of the draft directive but there can be no assurance that, once it is agreed upon and implemented, Noteholders will not be adversely affected by actions taken under it. In addition, there can be no assurance that, once the draft CMD is agreed upon and implemented, its application will not have a significant impact on the Group's results of operations, business, assets, cash flows and financial condition, as well as on funding activities carried out by the Group and the products and services offered by the Group.

#### *Non-Viability Requirement for Lower Tier II Subordinated Notes*

The Basel Committee's press release dated 13th January 2011 entitled "Minimum requirements to ensure loss absorbency at the point of non-viability" (the "January 2011 Press Release") included an additional Basel III requirement (the "Non-Viability Requirement") as follows:

"The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector

injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority.”

The January 2011 Press Release states that instruments issued after 1st January 2013 must meet these requirements in order to be recognised as Tier I or Tier II instruments for regulatory capital purposes. The recognition of instruments issued before 1st January 2013 which do not meet these requirements will be phased out from 1st January 2013.

The January 2011 Press Release is not binding in the European Union and the Non-Viability Requirement will need to be implemented in the European Union. There has not yet been an official proposal for the implementation of the Non-Viability Requirement in the European Union, although a draft of the Crisis Management Directive containing rules in relation to bank resolution and recovery was released on 6th June 2012. The CMD, although currently in draft form, includes provisions relating to, inter alia, “bail-in” (write-down or conversion into equity) of subordinated debt, certain types of senior debt and certain other liabilities at the point of a bank’s non-viability. The draft CMD proposes that, with application from 1st January 2015, national authorities in each Member State will be given the power to write down or convert Additional Tier 1 and Tier 2 instruments at the point of the Issuer’s non-viability. It is expected that each Member State will be required to implement CMD into its national law. However, it is possible that all or some of the CMD provisions will eventually be implemented by way of a directly-applicable regulation, similar to the CRR.

There can be no assurance that existing legislation or new legislation will be amended or introduced in Italy to reflect the January 2011 Press Release or that any existing legislation or new legislation applying in Italy will be confirmed in due course by a peer group review (as referred to in paragraph (b) of the Non-Viability Requirement above) to conform with paragraph (a) above such that Lower Tier II Subordinated Notes would be subject to being written down or fully loss absorbing on the basis set out in paragraph (a) above. In such circumstances, however, the Terms and Conditions of the Lower Tier II Subordinated Notes may still need to provide for such Non-Viability Requirement in order to qualify as regulatory capital under the CRR. As at the date of this Prospectus, there has been no official notification that a peer group review of the kind referred to in paragraph (b) above has been undertaken in respect of any laws of any EU member state.

In addition, there can be no assurance that, prior to implementation of the CRD IV and the CRR and the other Basel III reforms in Italy, the Basel Committee will not amend its package of reforms described above. Furthermore, the European Commission may implement the package of reforms, including the terms which capital instruments are required to have, in a manner that is different from that which is currently envisaged or, if permitted, Italy may impose more onerous requirements on Italian financial institutions. Until fully implemented, the Issuer cannot predict the precise effects of the changes that result from any proposed reforms on both its own financial performance and/or on the market value of the Lower Tier II Subordinated Notes.

Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which may have a material adverse effect on the Issuer’s profitability and results and may also have other effects on the Issuer’s financial performance and on the market value of the Lower Tier II Subordinated Notes, both with or without the intervention by regulators or the imposition of sanctions. Prospective investors in Lower Tier II Subordinated Notes should consult their own advisers as to the consequences of the proposed CRD IV and CRR.

*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, “BBB+” from Fitch, “Baa2” from Moody’s and “BBB+” from S&P and “F2” from Fitch, “P-2” from Moody’s and “A-2” from S&P as further described under “UBI Banca and the UBI Banca Group – Ratings”. Fitch, Moody’s and S&P are established in the European Union and have applied to be registered under the CRA Regulation, although the result of such applications has not yet been determined. 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.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### *Risks related to the structure of a particular issue of Notes*

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

### *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### *Fixed Rate Notes*

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

### *Index Linked Notes and Dual Currency Notes*

The Issuer may issue Notes with principal and/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 Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes 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 is likely to be magnified; and
- (vii) 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.

The historical experience of an index should not be viewed as an indication of the future performance of the index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

### *Partly Paid Notes*

The Issuer may issue Notes 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 its investment.

### *Variable rate Notes with a multiplier or other leverage factor*

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

### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

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

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium to their nominal 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.

### *The Issuer's obligations under Subordinated Notes are subordinated*

The Issuer's obligations under Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes and Tier III Subordinated Notes (together, the "Subordinated Notes") will be unsecured and subordinated and will rank junior in priority of payment to any direct, unconditional, unsecured and unsubordinated indebtedness or payment obligations (or indebtedness or obligations which are subordinated but to a lesser degree than the obligations under the relevant Subordinated Notes) of the Issuer for money borrowed or raised or guaranteed by the Issuer and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy. In addition, the payment obligations of the Issuer under Upper Tier II Subordinated Notes rank behind the payment obligations of the Issuer under Lower Tier II Subordinated Notes, which in turn rank behind the payment obligations of the Issuer under Tier III Subordinated Notes. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent.

In no event will holders of Subordinated Notes be able to accelerate the maturity of their Subordinated Notes; such holders will have claims only for amounts then due and payable on their Subordinated Notes. After the Issuer has fully paid all deferred interest on any issue of Subordinated Notes and if that issue of Subordinated Notes remains outstanding, future interest payments on that issue of Subordinated Notes will be subject to further deferral as described above.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### *The Notes are not covered by the Italian Inter-Bank Fund for the Protection of Deposits*

The obligations in respect of the Notes (including both Senior Notes and Subordinated Notes) are not covered by the *Fondo Interbancario di Tutela dei Depositi* (Italian Inter-Bank Fund for the Protection of Deposits).

### *Under certain conditions, principal and interest payments under Upper Tier II Subordinated Notes must be reduced*

The Issuer will be required to reduce payment of interest and principal under the Upper Tier II Subordinated Notes, in the event that it at any time suffers losses which (as provided in Articles 2446 and 2447 of the Italian Civil Code) would require it to reduce its paid up share capital and reserves to below the Minimum Capital (as

defined in Condition 3(e)), to the extent necessary to enable the Issuer, in accordance with the requirements of Italian law, to maintain at least the Minimum Capital (as provided by the then applicable Bank of Italy Regulations). Such obligations will be reinstated, whether or not the maturity date of the relevant obligations has occurred, (a) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of the Issuer or in the event that the Issuer becomes subject to an order for *Liquidazione Coatta Amministrativa* (as described in Articles 80 to 94 of the Italian Banking Act) and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa*, as if such obligations of the Issuer had not been so reduced in accordance with Condition 3; or (b) in whole or in part, from time to time, to the extent that the Issuer, by reason of its having profits, or by reason of its obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and, therefore, would not be required to reduce its obligations in respect of principal and interest in accordance with Condition 3(e).

*Under certain conditions, interest payments under Upper Tier II Subordinated Notes must be deferred*

The Issuer will not be required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (a) no annual dividend has been approved by the shareholders of the Issuer or paid or set aside for payment in respect of any class of shares during the 12 month period ended on the date immediately preceding such Interest Payment Date, or (b) the Board of Directors of the Issuer has announced at the time of publication of any interim accounts of the Issuer published during the six months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time for the payment of interim dividends, in accordance with Article 2433-bis of the Italian Civil Code. Any such unpaid amounts of interest will constitute arrears of interest which will bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amount in respect of such arrears of interest) become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that the Issuer makes payments of or in respect of amounts of interest on or in relation to any other *pari passu* claims (not including Lower Tier II Subordinated Notes and Tier III Subordinated Notes); and (ii) in full on the earliest to occur of (A) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of shares of the Issuer; (B) the date for repayment of the Upper Tier II Subordinated Notes; and (C) the date on which the *Liquidazione Coatta Amministrativa* of the Issuer is commenced pursuant to Article 83 of the Italian Banking Act or on which the Issuer becomes subject to a liquidation order.

*Under certain conditions, principal and interest payments under Tier III Subordinated Notes must be suspended and deferred*

Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes, except that any Tier III Subordinated Notes shall have a different minimum maturity period and shall be subject to a lock-in clause, pursuant to which payments of interest and repayment of principal amount cannot be effected if such payments or repayment would reduce the total value of the Issuer's assets below the Minimum Capital.

***Risks related to Notes generally***

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

*Modification, waivers and substitution*

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 10 of the Terms and Conditions of the Notes.

*Change of law*

Except for Conditions 3(b), 3(c) and 3(d) (which shall be governed by Italian law), the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be

given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of issue of the relevant Notes.

#### *Integral multiples of less than €100,000*

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €100,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 (or its equivalent) that are not integral multiples of €100,000 (or its equivalent). In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***Risks related to the market generally***

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

##### *The secondary market generally*

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

##### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

##### *Credit ratings may not reflect all risks*

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

In general, European regulated investors are restricted under 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 is set out in on the cover page of this Prospectus and will be disclosed in the Final Terms.



### *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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### *EU Savings Directive*

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

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

A number of non-EU countries, including Switzerland, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures to the Directive (either provision of information or transitional withholding; a withholding system in the case of Switzerland) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident or certain other persons established in a Member State.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

### *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31st December 2016 in respect of any Notes issued or materially modified on or after 1st January 2013 pursuant to the foreign account provisions ("FATCA") of the Hiring Incentives to Restore Employment Act of 2010. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (making the Issuer a "Participating FFI"), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is subject to withholding under FATCA, or (b) any FFI through which payment on such Notes is made is not a Participating FFI or otherwise exempt from FATCA withholding.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the Terms and Conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued or materially modified on or after 1st January 2013 may be addressed in the relevant Final Terms or in a supplement to this Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS UNCERTAIN AT THIS TIME. THE ABOVE DESCRIPTION IS BASED IN PART ON PROPOSED REGULATIONS AND OFFICIAL GUIDANCE THAT IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

## Terms and Conditions of the Notes

*The following is the text of the terms and conditions that, save for this text in italics and subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in these terms and conditions (i) to the "Issuer" are to Unione di Banche Italiane S.c.p.a.; and (ii) to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by the Amended and Restated Trust Deed dated 28th June 2012 (as further amended, restated or supplemented from time to time, the "Trust Deed") between the Issuer and Citicorp Trustee Company Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "Conditions") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. The Amended and Restated Agency Agreement dated 28th June 2012 (as further amended, restated or supplemented from time to time, the "Agency Agreement") has been entered into in relation to the Notes among the Issuer, the Trustee, Citibank, N.A., London branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the office of the Trustee (on 28th June 2012 at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders (the "Couponholders") of the interest coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") and the holders (the "Receiptholders") of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Final Terms and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

### **1. Form, Denomination and Title**

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Specified Denomination(s) shown in the relevant Final Terms, provided that in the case of any Notes 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 (2003/71/EC), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest

due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them in these Conditions, the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes**

### *(a) Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### *(b) Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available to any Noteholder upon request.

### *(c) Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice as defined in Condition 5(f) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that maybe imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 5(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3. Status of the Notes**

(a) *Senior Notes*

This Condition 3(a) is applicable in relation to Notes specified in the Final Terms as being Senior Notes. The Senior Notes and the Receipts and Coupons relating to them constitute unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

(b) *Status of Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes*

(i) The Lower Tier II Subordinated Notes (*Passività Subordinate*, as defined in the Bank of Italy regulations (*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*, as set out in Bank of Italy Circular No. 263 of 27th December 2006, as amended or supplemented from time to time, including any successor regulations) (the "Bank of Italy's Regulations")) (being those Notes that specify their status as Lower Tier II Subordinated Notes) and the Receipts and Coupons relating to them constitute unsecured obligations of UBI Banca and, subject to this Condition 3(b), rank *pari passu* and without any preference among themselves. The Upper Tier II Subordinated Notes (*Strumenti Ibridi di Patrimonializzazione*, as defined in the Bank of Italy's Regulations) (being those Notes that specify their status as Upper Tier II Subordinated Notes) and the Receipts and Coupons relating to them constitute unsecured obligations of UBI Banca and, subject to this Condition 3(b), rank *pari passu* and without any preference among themselves. UBI Banca has covenanted in the Trust Deed, in relation to each Series of Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, that it will treat all Lower Tier II Subordinated Notes of such Series equally among themselves and all Upper Tier II Subordinated Notes of such Series equally among themselves and that all amounts paid by UBI Banca in respect of principal and interest thereon will be paid *pro rata* on all Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, as the case may be, of such Series. In the event of the bankruptcy, dissolution, liquidation or winding-up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*), the payment obligations of UBI Banca under the Lower Tier II Subordinated Notes and the Receipts and Coupons

relating to them shall rank in right of payment in priority to Upper Tier II Subordinated Notes and the Receipts and Coupons relating to them and the payment obligations of UBI Banca under the Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes and the Receipts and Coupons relating to them shall rank in right of payment after unsubordinated, unsecured creditors (including depositors) of UBI Banca but *pari passu* with all other present and future similar subordinated obligations of UBI Banca that are not expressed by their terms to rank or which do not rank junior or senior to the Lower Tier II Subordinated Notes or Upper Tier II Subordinated Notes, as the case may be, and in priority to the claims of shareholders of UBI Banca.

(ii) To the extent that UBI Banca at any time suffers losses which would require UBI Banca to reduce its capital to below the Minimum Capital (as determined by the external auditors of UBI Banca and certified to the Trustee in accordance with the Trust Deed), the obligations of UBI Banca in respect of interest and principal under the Upper Tier II Subordinated Notes will be reduced to the extent necessary to enable UBI Banca, in accordance with the requirements of Italian law, to maintain at least the Minimum Capital. The obligations of UBI Banca in respect of interest and principal due under the Upper Tier II Subordinated Notes which are so reduced will be reinstated whether or not the maturity date of the relevant obligation has occurred:

(x) in whole, in the event of bankruptcy, dissolution, liquidation or winding-up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*) and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up, *Liquidazione Volontaria* or order for *Liquidazione Coatta Amministrativa* as if such obligations of UBI Banca were not so reduced in accordance with this Condition 3; and

(y) in whole or in part, from time to time, to the extent that UBI Banca, by reason of it having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and would not be required, in accordance with Articles 2446 and 2447 of the Italian Civil Code, to reduce its capital to below the Minimum Capital.

(iii) UBI Banca is not required to pay interest on the Upper Tier II Subordinated Notes on an Interest Payment Date if (x) no annual dividend has been approved by the shareholders of UBI Banca or paid in respect of any class of shares during the 12 month period ended on the date immediately preceding such Interest Payment Date; or (y) the Board of Directors of UBI Banca has announced at the time of publication of any interim accounts of UBI Banca published during the six months immediately preceding such Interest Payment Date that, based on such accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.

Unpaid amounts of interest constitute arrears of interest which bear interest at the rate applicable to the relevant Upper Tier II Subordinated Notes. Arrears of interest (together with any additional interest amounts in respect of such arrears of interest) become due and payable (i) in part *pari passu* and *pro rata* if and to the extent that the Issuer makes payment of or in respect of amounts of interest on or in relation to any other *pari passu* claims; and (ii) in full on the earliest to occur of (a) the Interest Payment Date falling on or after the date on which a dividend is approved or paid on any class of share of UBI Banca; (b) the date for repayment of the Upper Tier II Subordinated Notes; and (c) the insolvency of UBI Banca or the date on which UBI Banca becomes subject to a liquidation order.

(c) *Status of Tier III Subordinated Notes*

Tier III Subordinated Notes (*Passività Subordinate di 3° Livello*, as defined in the Bank of Italy's Regulations) (being those Notes that are specified in the relevant Final Terms as being Tier III Subordinated Notes) and the Receipts and Coupons relating to them constitute unsecured obligations of UBI Banca and rank *pari passu* among themselves. In the event of the bankruptcy, dissolution, liquidation or winding-up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*), the payment obligations of UBI Banca under the Tier III Subordinated Notes and the Receipts and Coupons relating to them shall rank in right of payment in priority to Upper Tier II Subordinated Notes and Lower Tier II Subordinated Notes and the Receipts and Coupons relating to them and shall rank in right of payment after unsubordinated, unsecured creditors (including depositors) of UBI Banca but *pari passu* with all other present and future similar subordinated obligations of UBI Banca that are not expressed by their terms to rank or which do not rank junior or senior to the Tier III Subordinated Notes and in priority to the claims of shareholders of UBI Banca. Tier III Subordinated Notes shall be subject to the same restrictions provided in respect of similar indebtedness qualifying as Upper Tier II Subordinated Notes or Lower Tier II Subordinated Notes except that any Tier III Subordinated Notes shall (i) have a different minimum maturity period, as specified in the relevant Final Terms, and (ii) be subject to a lock-in clause pursuant to which payments of interest and repayment of principal

amount cannot be effected if such payments or repayment would reduce the total value of UBI Banca's assets below the Minimum Capital.

*(d) Notice*

Notice that either (i) the obligations of UBI Banca in respect of interest and principal due under the Upper Tier II Subordinated Notes will be reduced pursuant to the terms of Condition 3(b)(iii) above or (ii) UBI Banca is not required to pay interest or any arrears of interest on the Upper Tier II Subordinated Notes pursuant to the terms of Condition 3(b)(iii) above or (iii) unpaid arrears of interest have become due and payable pursuant to the terms of Condition 3(b)(iii) above or (iv) the obligations of UBI Banca in respect of interest and principal due under Tier III Subordinated Notes will be reduced pursuant to the terms of Condition 3(c) above, shall promptly be given, and in any event no later than five Business Days before any payment under the Notes is due to be made, both to the Noteholders in accordance with Condition 15 and the Issuing and Paying Agent.

*(e) Definitions*

In these Conditions, "Minimum Capital" means the minimum capital required for the Issuer as provided by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy's authorisation to conduct banking activity and "Subordinated Notes" means Upper Tier II Subordinated Notes, Lower Tier II Subordinated Notes and Tier III Subordinated Notes.

#### **4. Interest and other calculations**

*(a) Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Accrual Period" means, in relation to Day Count Fraction below, the actual number of days in the relevant period from and including the Start Date to but excluding the Interest Payment Date.

"Actual Calculation Period" means, in relation to Day Count Fraction below, the actual number of days from and including one Interest Period Date to but excluding the next Interest Period Date.

"Business Day" means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a "TARGET Business Day"); and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centres or, if no currency is indicated, generally in each of the Business Centres so specified.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the "Calculation Period"):

- (i) if "Actual/Actual" or "Actual/Actual — ISDA" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that 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);
- (ii) if "Actual/365 (Fixed)" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/365 (Sterling)" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;

- (v) if "30/360", "360/360" or "Bond Basis" is specified in the relevant Final Terms, 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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 D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if "30E/360" or "Eurobond Basis" is specified in the relevant Final Terms, 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30;

- (vii) if "30E/360 (ISDA)" is specified in the relevant Final Terms, 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<sub>1</sub>" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D<sub>1</sub>" 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<sub>1</sub> will be 30; and

"D<sub>2</sub>" 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<sub>2</sub> will be 30; and

- (viii) if "Actual/Actual — ICMA" is specified in the relevant Final Terms, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of:
- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year

where:

"Determination Date" means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

"Determination Period" means the period from and including a Determination Date in any year to but excluding the next Determination Date.

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the relevant Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Euro-zone" means the region comprising Member States of the European Union that adopt the single currency in accordance with the Treaty on the Functioning of the European Union, as amended.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Amount" means

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

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

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the relevant Final Terms.

"ISDA Definitions" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified.



“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions in the relevant Final Terms.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified in the relevant Final Terms or, if none is so specified, the currency in which the Notes are denominated.

“Start Date” means, in relation to Day Count Fraction above, the date from which interest for the relevant period begins to accrue.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19th November 2007 or any successor thereto.

*(b) Rate of Interest and Accrual*

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(k).

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

*(c) Interest on Floating Rate Notes and Index Linked Interest Notes*

*(i) Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(k). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

*(ii) Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such date shall be brought forward to the immediately preceding Business Day and (b) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

*(d) Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

**(A) ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated hereon) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Reset Date" and "Swap Transaction" have the meanings given to those terms in the ISDA Definitions.

**(B) Screen Rate Determination for Floating Rate Notes**

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR,

the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

*(e) Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

*(f) Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note as determined in accordance with Condition 5(b). As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 5(b)(ii)).

*(g) Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

*(h) Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.

*(i) Accrual of Interest*

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

*(j) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding*

(i) If any Margin is specified in the relevant Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(d) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified in the relevant Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven

significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

*(k) Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

*(l) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amount and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

*(m) Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

*(n) Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the relevant Final Terms and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation

Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption or Optional Redemption Amount as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## **5. Redemption, Purchase and Options**

### *(a) Redemption by Instalments and Final Redemption*

(i) Unless previously redeemed (subject, in the case of Upper Tier II Subordinated Notes, to the prior consent thereto having been obtained from the Bank of Italy), purchased and cancelled as provided in this Condition 5, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the relevant Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below, each Note (subject, in the case of Upper Tier II Subordinated Notes, to the prior consent thereto having been obtained from the Bank of Italy) shall be finally redeemed on the Maturity Date specified in the relevant Final Terms at its Final Redemption Amount (which, unless otherwise provided in the relevant Final Terms, is its principal amount) or, in the case of a Note falling within sub-paragraph (i) above, its final Instalment Amount.

### *(b) Early Redemption of Zero Coupon Notes*

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(d) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the relevant Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(d) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(f).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the relevant Final Terms.

### *(c) Early Redemption of Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in 5(b) above), upon redemption of such Note pursuant to Condition 5(d) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

*(d) Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (but subject to prior consent thereto having been obtained from the Bank of Italy in the case of Subordinated Notes) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note), at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount as described in Conditions 5(b) and 5(c) above (together with interest accrued to but excluding the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as described under Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes, provided that in the case of Lower Tier II Subordinated Notes any such change or amendment was not reasonably foreseeable by the Issuer as at the date of issue of the relevant Lower Tier II Subordinated Notes and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

*(e) Redemption at the Option of the Issuer*

If Call Option is specified hereon, the Issuer may (subject, in the case of Subordinated Notes, to the prior consent thereto having been obtained from the Bank of Italy), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

*(f) Redemption at the Option of Noteholders*

Except in the case of Subordinated Notes, to which this paragraph (h) shall not apply, if Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

*(g) Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

*(h) Purchases*

The Issuer and any of its Subsidiaries may at anytime purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price provided that, in the case of any purchase of Subordinated Notes, (i) the prior written consent of the Bank of Italy has been obtained or (ii) the Subordinated Notes of any Series are purchased for the purposes of being placed back on the market and do not at any time exceed 10% of the aggregate principal amount of such Series.

*(i) Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries either (i) shall (subject, in the case of Subordinated Notes, to the prior written consent of the Bank of Italy) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and upon such surrender shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith) or (ii), if purchased in the ordinary course of a business of dealing in securities, may be resold or (subject, in the case of Subordinated Notes, to the prior written consent of the Bank of Italy) held by the Issuer or any such Subsidiary. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 10.

## **6. Payments and Talons**

*(a) Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.

"Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

*(b) Registered Notes*

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency in which such payments are due by cheque drawn on a Bank subject as provided in paragraph (a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and, subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

*(c) Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on

the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

*(d) Payments Subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

*(e) Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including London) so long as the Notes are admitted to the Official List of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's EEA Regulated Market, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as previously approved in writing by the Trustee and to the extent not already satisfied by (v) or (vii), and (vii) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to (A) European Council Directive 2003/48/EC of 3rd June 2003 or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 on the taxation of savings income; (B) any agreement entered into by the European Union in connection with such Directive; or (C) any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

*(f) Unmatured Coupons and Receipts and Unexchanged Talons*

(i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency or Index Linked Notes), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Interest Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.



(v) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender, if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

*(g) Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

*(h) Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" in the relevant Final Terms and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

*(i) Definition of the Euro*

- (i) References in these Conditions to the Euro are to the currency which was introduced at the start of the third stage of European Economic and Monetary Union pursuant to Article 109(4) of the Treaty on the Functioning of the European Union, as amended from time to time.
- (ii) Notes denominated in a currency that may be converted into Euro, may be subject to redenomination, renomination and/or consolidation with other Notes then denominated in Euro, as specified in the relevant Final Terms.

## **7. Taxation**

All payments of principal and interest, by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons 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 authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required. The requirement to pay such additional amounts shall not apply:

- (a) in respect of any Note, Receipt or Coupon presented for payment:
  - (i) by or on behalf of a Noteholder or Couponholder who is:
    - (x) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or
    - (y) liable to such taxes or duties by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note, Receipt or Coupon; or
  - (ii) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

- (b) in relation to any payment or deduction of any interest, premium or other proceeds of any Note, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1st April 1996, as amended from time to time; or
- (c) in respect of any Note where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30th September 1983, converted into Law No. 649 of 25th November 1983 as amended from time to time; or
- (d) in respect of any Note, Receipt or Coupon where such withholding or deduction is imposed on a payment to an individual or certain other persons and is required to be made pursuant to (i) European Council Directive 2003/ 48/EC of 3rd June 2003 or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November 2000 on the taxation of savings income; (ii) any agreement entered into by the European Union in connection with such Directive; or (iii) any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) in respect of any Note, Receipt or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "principal" and/or "interest" shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

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

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **9. Events of Default**

### *(a) In the case of Subordinated Notes*

This Condition 9(a) applies only to Subordinated Notes and references to "Notes", "Noteholders", "Receiptholders" and "Couponholders" in this Condition 9(a) shall be construed accordingly.

- (i) The Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together, if appropriate, with accrued interest if the Issuer is wound-up or dissolved (otherwise than for the purposes of any amalgamation, merger or reconstruction on terms previously approved by the Trustee).
- (ii) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or in relation to the Notes. The Trustee shall not in any event be bound to take any of the actions referred to in this paragraph unless (1) it shall have been so directed in writing by the holders of Notes holding at least one-fifth of the principal amount of the Notes outstanding or by an Extraordinary Resolution and (2) it shall have been indemnified to its satisfaction.
- (iii) No remedy against the Issuer other than as specifically provided by this Condition 9(a) or in the Trust Deed shall be available to the Trustee or the Noteholders, Receiptholders or Couponholders whether for the

recovery of amounts owing in respect of the Notes under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or in relation to the Notes or otherwise.

*(b) In the case of Senior Notes*

If any of the following events ("Events of Default") occurs and is continuing, the Trustee at its discretion may, and if (1) it shall have been directed in writing by the holders of Notes holding at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution and (2) it shall have been indemnified to its satisfaction, shall, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together, if appropriate, with accrued interest:

*(i) Non-payment*

the Issuer fails to pay the principal of or any interest on any of the Notes when due and, in the case of interest, such failure continues for a period of five days; or

*(ii) Breach of Other Obligations*

the Issuer does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after notice of such default shall have been given to the Issuer by the Trustee; or

*(iii) Cross-Default*

(1) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised, becomes due and payable or is capable of becoming due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (2) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (3) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this sub-paragraph (iii) have occurred equals or exceeds Euro 20,000,000 or its equivalent in another currency (as determined by the Trustee); or

*(iv) Enforcement Proceedings*

a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Subsidiaries and is not discharged or stayed within 60 days (or such longer period as the Trustee may permit); or

*(v) Security Enforced*

any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Subsidiaries becomes enforceable over any material part of the property, assets or revenues of the Issuer or such Subsidiary and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

*(vi) Insolvency*

the Issuer or any of its Subsidiaries is (or is, or could be, adjudicated by a court of competent jurisdiction to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

*(vii) Winding-up*

an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases, or through an official action of its board of Directors threatens to cease, to carry on all or substantially all of its business or operations, in each case except for the

purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(viii) *Analogous Events*

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs;

provided that in the case of each of the foregoing paragraphs (other than paragraph (i) or, in respect of the Issuer, paragraph (vi)) the Trustee (if indemnified and/or secured to its satisfaction) shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

“Material Subsidiary” at any time shall mean any Subsidiary of the Issuer:

(i) whose (a) consolidated total assets or (b) consolidated turnover represent 10% or more of the consolidated total assets of the Issuer or, as the case may be, consolidated turnover of the Issuer, all as calculated by reference to the then latest audited consolidated financial statements of such Subsidiary and the then latest audited consolidated financial statements of the Issuer provided that if at any time there are no audited consolidated financial statements of the Subsidiary in existence then such test shall be calculated by reference to the then latest unaudited consolidated financial statements of the Subsidiary, and provided further that, in the case of a Subsidiary acquired after the end of the financial period to which the then latest relevant audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation above shall, until consolidated financial statements for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned financial statements as if such Subsidiary had been shown in such financial statements by reference to its then latest relevant audited consolidated financial statements, adjusted as deemed appropriate by the Issuer; or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary under the provisions of this sub-paragraph (ii) upon publication of its next audited consolidated financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such audited consolidated financial statements have been published by virtue of the provisions of sub-paragraph (i) above or before, on or at any time after such date by virtue of the provisions of this sub-paragraph (ii).

A report by two Directors of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer and the Noteholders.

## **10. Meetings of Noteholders, Modification, Waiver and Substitution**

### *(a) Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10% in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amount on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown in the relevant Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to direct

the Trustee to give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at the Final Redemption Amount of the Notes as provided in Condition 9(a) and Condition 9(b) or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75%, or at any adjourned meeting not less than 25%, in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75% in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

*(b) Modification of the Trust Deed*

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, such modification shall be notified to the Noteholders as soon as practicable.

*(c) Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of any other company in place of the Issuer or of any previous substituted company, as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/ or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

*(d) Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

## **11. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent in London (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13. Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Notes, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-fifth in principal amount of the Notes outstanding and (b) it shall have been indemnified, or if it so requires, secured (whether by way of advance payment or otherwise) to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## **14. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including provisions relieving it from any obligation to take proceedings to enforce payment unless indemnified and/or secured to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

## **15. Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

## **16. Contracts (Rights of Third Parties) Act 1999**

No person shall have the right to enforce any term or condition of any Notes under the Contracts (Rights of Third Parties) Act 1999.

## **17. Governing Law and Jurisdiction**

### *(a) Governing Law*

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons, and any non-contractual obligations arising out of or in connection with them, are governed by, and shall be construed in accordance with, English law, except for Conditions 3(b), (c) and (d) which shall be governed by, and shall be construed in accordance with, Italian law.

### *(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in

connection with any Notes, Receipts, Coupons or Talons ("Proceedings") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) *Service of Process*

The Issuer has in the Trust Deed irrevocably appointed Hackwood Secretaries Limited, One Silk Street, London EC2Y 8HQ as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England.

## **Use of Proceeds**

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



## Summary of Provisions relating to the Notes while in Global Form

### Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Final Terms to be issued in NGN form or to be held under the NSS (as the case may be), the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depository.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the "Common Depository") or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depository may (if indicated in the relevant Final Terms) also be credited to the accounts of subscribers with other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an "Alternative Clearing System") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### Exchange

#### 1. Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

1.1 if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Overview of the Programme — Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

1.2 otherwise, in whole or in part upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for

which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

## **2. Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for Definitive Notes or, in the case of paragraph 4 below, Registered Notes:

2.1 if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; or

2.2 otherwise, (1) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so or (2) if an Event of Default (as defined in Condition 9) has occurred and is continuing, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

## **3. Permanent Global Certificates**

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

3.1 if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

3.2 if principal in respect of any Notes is not paid when due; or

3.3 with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

## **4. Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) an Event of Default (as defined in Condition 9) has occurred and is continuing.

## **5. Delivery of Notes**

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "Definitive Notes" means, in relation

to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

## **6. Exchange Date**

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or, in the case of an exchange for Registered Notes, five days, or, in the case of failure to pay principal in respect of any Notes when due, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

### **1. Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 6(e)(vii) and Condition 7(e) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer’s obligations in respect thereof. Any failure by the relevant clearing system to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of “business day” set out in Condition 6(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25th December and 1st January.

### **2. Prescription**

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

### **3. Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit for the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of

each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

#### **4. Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

#### **5. Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer or any of its Subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

#### **6. Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **7. Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **8. NGN Nominal Amount**

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **9. Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **10. Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

**Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## Overview of Financial Information of the Issuer

The following tables present:

- (i) the audited consolidated balance sheet and income statement information of the Issuer as approved by the Issuer's Supervisory Board as at and for the year ended 31st December 2011;
- (ii) the audited unconsolidated annual balance sheet and income statement information of the Issuer approved by the Issuer's Supervisory Board as at and for the year ended 31st December 2011; and
- (iii) the unaudited consolidated interim balance sheet and income statement information of the Issuer as at and for the three month period ended 31st March 2012,

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 22nd December 2005 (as amended from time to time) and related transitional regulations in Italy (IFRS). All figures are in thousands of 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.

## Consolidated Balance Sheet

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>UBI Banca Group</b>	<b>UBI Banca Group</b>
	<i>(thousands of euro)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	625,835	609,040
Financial assets held for trading	2,872,417	2,732,751
Financial assets at fair value	126,174	147,286
Available-for-sale financial assets	8,039,709	10,252,619
Loans to banks	6,184,000	3,120,352
Loans to customers	99,689,770	101,814,829
Hedging derivatives	1,090,498	591,127
Fair value change in hedged financial assets (+/-)	704,869	429,073
Equity investments	352,983	368,894
Property, equipment and investment property	2,045,535	2,112,664
Intangible assets	2,987,669	5,475,385
<i>of which:</i>		
- goodwill	2,538,668	4,416,660
Tax assets	2,817,870	1,723,231
(a) current	459,282	650,177
(b) deferred	2,358,588	1,073,054
Non-current assets and disposal groups held for sale	22,020	8,429
Other assets	2,244,343	1,172,889
<b>TOTAL ASSETS</b>	<b>129,803,692</b>	<b>130,558,569</b>
<b>LIABILITIES AND EQUITY</b>		
Due to banks	9,772,281	5,383,977
Due to customers	54,431,291	58,666,157
Securities issued	48,377,363	48,093,888
Financial liabilities held for trading	1,063,673	954,423
Hedging derivatives	1,739,685	1,228,056
Tax liabilities	702,026	993,389
(a) current	383,364	441,433
(b) deferred	318,662	551,956
Liabilities associated with activities under disposal	-	-
Other liabilities	3,139,616	2,600,165
Post-employment benefits	394,025	393,163
Provisions for risks and charges:	345,785	303,572
(a) pension and similar obligations	76,460	68,082
(b) other provisions	269,325	235,490
Fair value reserves	(1,315,865)	(253,727)
Reserves	2,416,471	2,362,382
Share premiums	7,429,913	7,100,378
Share capital	2,254,367	1,597,865
Treasury shares	(4,375)	-
Non-controlling interests (+/-)	898,924	962,760
Profit (Loss) for the year (+/-)	(1,841,488)	172,121
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>129,803,692</b>	<b>130,558,569</b>

## Consolidated Income Statement

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>UBI Banca Group</b>	<b>UBI Banca Group</b>
	<i>(thousands of euro)</i>	
Interest and similar income	4,047,546	3,525,312
Interest expense and similar	(1,925,857)	(1,378,714)
<b>Net interest income</b>	<b>2,121,689</b>	<b>2,146,598</b>
Commission income	1,351,827	1,378,117
Commission expense	(159,893)	(196,892)
<b>Net commission income</b>	<b>1,191,934</b>	<b>1,181,225</b>
Dividends and similar income	19,997	24,099
Net trading income (loss)	10,711	(56,891)
Net hedging income	8,938	67,209
Income (losses) from disposal or repurchase of:	26,529	17,057
(a) loans	2,464	(3,850)
(b) available-for-sale financial assets	11,929	31,245
(d) financial liabilities	12,136	(10,338)
Net income (loss) on financial assets and liabilities at fair value	(38,849)	6,669
<b>Gross income</b>	<b>3,340,949</b>	<b>3,385,966</b>
Net impairment losses on:	(742,221)	(756,653)
(a) loans	(607,078)	(706,932)
(b) available-for-sale financial assets	(128,182)	(42,364)
(d) other financial transactions	(6,961)	(7,357)
<b>Net financial income</b>	<b>2,598,728</b>	<b>2,629,313</b>
<b>Net income from banking and insurance operations</b>	<b>2,598,728</b>	<b>2,629,313</b>
Administrative expenses	(2,304,249)	(2,375,174)
(a) personnel expense	(1,423,196)	(1,451,584)
(b) other administrative expenses	(881,053)	(923,590)
Net provisions for risks and charges	(31,595)	(27,209)
Net impairment losses on property, equipment and investment property	(110,888)	(109,838)
Net impairment losses on intangible assets	(672,608)	(130,500)
Other net operating income	243,065	239,430
<b>Operating expenses</b>	<b>(2,876,275)</b>	<b>(2,403,291)</b>
Profits of equity investments	10,248	99,027
Net impairment losses on goodwill	(1,873,849)	(5,172)
Profits on disposal of investments	6,818	14,458
<b>Pre-tax profit (loss) from continuing operations</b>	<b>(2,134,330)</b>	<b>334,335</b>
Taxes on income for the year from continuing operations	271,991	(231,980)
<b>Post-tax profit (loss) from continuing operations</b>	<b>(1,862,339)</b>	<b>102,355</b>
Post-tax profit from discontinued operations	248	83,368
<b>Profit (loss) for the year</b>	<b>(1,862,091)</b>	<b>185,723</b>
Profit (loss) for the year attributable to non-controlling interests	20,603	(13,602)
<b>Profit (loss) for the year attributable to the shareholders of the Parent</b>	<b>(1,841,488)</b>	<b>172,121</b>



## Annual Balance Sheet

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>UBI Banca</b>	<b>UBI Banca</b>
	<i>(thousands of euro)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	184,014	195,060
Financial assets held for trading	3,515,897	3,143,191
Financial assets at fair value	126,174	147,286
Available-for-sale financial assets	6,705,814	8,698,209
Loans to banks	30,224,290	28,424,384
Loans to customers	15,692,663	14,536,121
Hedging derivatives	616,454	164,595
Equity investments	10,889,971	13,336,899
Property, equipment and investment property	606,656	624,907
Intangible assets	448	542,792
<i>of which:</i>		
- goodwill	-	521,245
Tax assets:	1,776,186	725,032
(a) current	268,689	380,220
(b) deferred	1,507,497	344,812
Non-current assets and disposal groups held for sale	115,302	6,023
Other assets	441,384	353,102
<b>TOTAL ASSETS</b>	<b>70,895,253</b>	<b>70,897,601</b>
<b>LIABILITIES AND EQUITY</b>		
Due to banks	24,228,130	22,589,437
Due to customers	8,022,864	11,422,728
Securities issued	27,200,141	23,367,788
Financial liabilities held for trading	1,847,534	1,542,534
Hedging derivatives	898,024	599,874
Tax liabilities:	284,940	381,642
(a) current	211,622	277,626
(b) deferred	73,318	104,016
Liabilities associated with activities under disposal	-	-
Other liabilities	744,612	613,923
Post employment benefits	38,827	38,130
Provisions for risks and charges:	20,352	13,279
(b) other provisions	20,352	13,279
Fair value reserves	(1,118,666)	(226,575)
Reserves	1,761,644	1,572,878
Share premiums	7,429,913	7,100,378
Share capital	2,254,367	1,597,865
Treasury shares	(4,375)	-
Profit (loss) for the year	(2,713,054)	283,720
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>70,895,253</b>	<b>70,897,601</b>

## Annual Income Statement

	<b>31.12.2011</b>	<b>31.12.2010</b>
	<b>UBI Banca</b>	<b>UBI Banca</b>
	<i>(thousands of euro)</i>	
Interest and similar income	1,135,911	805,571
Interest expense and similar	(1,331,132)	(893,006)
<b>Net interest income</b>	<b>(195,221)</b>	<b>(87,435)</b>
Commission income	27,929	30,055
Commission expense	(14,846)	(16,130)
<b>Net commission income</b>	<b>13,083</b>	<b>13,925</b>
Dividends and similar income	354,420	300,580
Net trading income (loss)	(8,061)	87,268
Net hedging income	18,823	17,666
Income (losses) from disposal or repurchase of:	22,650	17,730
(a) loans	0	(6)
(b) available-for-sale financial assets	8,563	17,962
(d) financial liabilities	14,087	(226)
Net income/losses on financial assets and liabilities at fair value	(38,849)	6,669
<b>Gross income</b>	<b>166,845</b>	<b>356,403</b>
Net impairment losses on:	(127,952)	(49,365)
(a) loans	(1,057)	(51)
(b) available-for-sale financial assets	(120,059)	(39,971)
(d) other financial transactions	(6,836)	(9,343)
<b>Net financial income</b>	<b>38,893</b>	<b>307,038</b>
Administrative expenses	(227,510)	(247,254)
(a) personnel expense	(114,549)	(130,591)
(b) other administrative expenses	(112,961)	(116,663)
Net provisions for risks and charges	(595)	(2,046)
Net impairment losses on property, equipment and investment property	(24,875)	(26,352)
Net impairment losses on intangible assets	(21,100)	(3,100)
Other net operating income	95,277	108,723
<b>Operating expenses</b>	<b>(178,803)</b>	<b>(170,029)</b>
Profits (losses) of equity investments	(2,507,432)	62,127
Net impairment losses on goodwill	(521,245)	–
Profits on disposal of investments	60	5,533
<b>Pre-tax profit (loss) from continuing operations</b>	<b>(3,168,527)</b>	<b>204,669</b>
Taxes on income for the year from continuing operations	455,451	(4,317)
<b>Post-tax profit (loss) from continuing operations</b>	<b>(2,713,076)</b>	<b>200,352</b>
Post-tax profit from discontinued operations	22	83,368
<b>Profit (loss) for the year</b>	<b>(2,713,054)</b>	<b>283,720</b>

### *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 both of the following conditions apply:

- (i) repayment is in arrears for more than 180 continuous days, up to 31st December 2011, and, from 1st January 2012, for more than 90 continuous days;\* and
- (ii) other than in the case of loans secured by real estate, repayment is in arrears for an amount equal to or higher than 5 per cent. of the total exposure.

Loans secured by real estate in respect of which repayment is in arrears for more than 90 continuous days are classified as past due without any reference to the 5 per cent. threshold stated above.

\* As a result of new regulations implemented by the Bank of Italy.

The following table shows a breakdown of the UBI Banca Group's loans as at 31st December 2011.

#### Loans to customers as at 31st December 2011

	Gross exposure	%	Total net impairment losses	Net exposure	%
<i>(thousands of euro)</i>					
<b>Deteriorated loans</b> .....	<b>8,589,416</b>	<b>8.38</b>	<b>(2,309,532)</b>	<b>6,279,884</b>	<b>6.30</b>
Non-performing loans .....	4,377,325	4.27	(1,895,908)	2,481,417	2.49
Impaired loans .....	2,844,167	2.77	(310,387)	2,533,780	2.54
Restructured loans .....	933,786	0.91	(93,096)	840,690	0.84
Past due loans .....	434,138	0.43	(10,141)	423,997	0.43
<b>Performing loans</b> .....	<b>93,951,550</b>	<b>91.62</b>	<b>(541,664)</b>	<b>93,409,886</b>	<b>93.70</b>
<i>of which: Unguaranteed loans to countries at risk</i> .....	<i>1,626</i>	<i>0.00</i>	<i>(320)</i>	<i>1,306</i>	<i>0.00</i>
<b>Total</b> .....	<b>102,540,966</b>	<b>100.00</b>	<b>(2,851,196)</b>	<b>99,689,770</b>	<b>100.00</b>

The following table shows a breakdown of the UBI Banca Group's loans as at 31st December 2010.

#### Loans to customers as at 31st December 2010

	Gross exposure	%	Total net impairment losses	Net exposure	%
<i>(thousands of euro)</i>					
<b>Deteriorated loans</b> .....	<b>7,465,062</b>	<b>7.14</b>	<b>(2,203,933)</b>	<b>5,261,129</b>	<b>5.17</b>
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
<b>Performing loans</b> .....	<b>97,073,520</b>	<b>92.86</b>	<b>(519,820)</b>	<b>96,553,700</b>	<b>94.83</b>
<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>
<b>Total</b> .....	<b>104,538,582</b>	<b>100.00</b>	<b>(2,723,753)</b>	<b>101,814,829</b>	<b>100.00</b>

#### Funding (consolidated)

The following table presents the sources of the UBI Banca Group's funding from customers as at 31st December 2011.

#### Direct funding from customers

	31.12.2011	%
<i>(thousands of euro)</i>		
Due to customers .....	54,431,291	52.9
Securities in issue .....	48,377,363	47.1
<i>of which: EMTN</i> .....	<i>10,292,174</i>	<i>10.0</i>
<b>Total Direct Funding</b> .....	<b>102,808,654</b>	<b>100.0</b>

### Financial assets/liabilities of the UBI Banca Group

The book value of securities portfolios (net of liabilities) of the UBI Banca Group amounted to approximately €10 billion as at 31st December 2011. The securities portfolios have been classified into IFRS categories as follows:

	<b>31.12.2011</b>
	<i>(thousands of euro)</i>
Financial assets held for trading .....	2,872,417
Financial assets at fair value .....	126,174
Available-for-sale financial assets .....	8,039,709
Held-to-maturity financial assets .....	–
<b>TOTAL</b> .....	<b>11,038,300</b>
Financial liabilities held for trading .....	1,063,673
<b>Total net of financial liabilities</b> .....	<b>9,974,627</b>

### Net interbank position of the UBI Banca Group

As at 31st December 2011 the UBI Banca Group's net interbank position was negative by €3,588.3 million.

### Financial information as at and for the three months ended 31st March 2012

On 14th May 2012 the Management Board of UBI Banca approved the consolidated results as at and for the three months ended 31st March 2012, which ended with a profit of €105,4 million compared to €64,6 million achieved in the same period of 2011. The two results are comparable because no non-recurring items were recognised in either of the two quarters compared.

## Interim Consolidated Balance Sheet

	<u>31.03.2012</u>	<u>31.03.2011</u>
	<i>(thousands of euro)</i>	
<b>ASSETS</b>		
Cash and cash equivalents	538,617	569,052
Financial assets held for trading	3,679,925	1,613,809
Financial assets at fair value	123,066	474,114
Available-for-sale financial assets	10,794,700	10,252,511
Held-to-maturity investments	3,254,437	–
Loans to banks	4,925,671	4,510,008
Loans to customers	97,105,771	102,702,444
Hedging derivatives	1,087,609	351,398
Fair value change in hedged financial assets (+/-)	722,393	194,086
Equity investments	409,499	378,196
Technical reserves of reinsurers	–	–
Property, equipment and investment property	2,021,314	2,086,769
Intangible assets	2,979,781	5,452,328
of which:		
- goodwill	2,538,668	4,416,659
Tax assets	2,641,166	1,704,774
(a) current	457,044	650,508
(b) deferred	2,184,122	1,054,266
Non-current assets and disposal groups held for sale	37,217	6,023
Other assets	1,189,953	2,442,098
<b>TOTAL ASSETS</b>	<b><u>131,511,119</u></b>	<b><u>132,737,610</u></b>
<b>LIABILITIES AND EQUITY</b>		
Due to banks	15,143,195	7,332,517
Due to customers	52,358,466	56,144,592
Securities issued	47,084,745	48,678,875
Financial liabilities held for trading	934,366	1,040,163
Hedging derivatives	1,823,770	1,020,994
Tax liabilities	807,049	1,083,134
(a) current	482,434	527,710
(b) deferred	324,615	555,424
Liabilities associated with disposal groups held for sale	–	–
Other liabilities	2,094,393	4,606,189
Staff severance provisions	405,062	382,333
Provisions for risks and charges:	347,885	321,912
(a) pension and similar obligations	75,453	67,317
(b) other provisions	272,432	254,595
Technical reserves	–	–
Fair value reserves	(758,020)	(139,734)
Reserves	575,447	2,530,478
Share premiums	7,429,913	7,100,381
Share capital	2,254,367	1,597,865
Treasury shares	(4,375)	0
Minority interests (+/-)	909,478	973,302
Profit (loss) for the period (+/-)	105,378	64,609
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>131,511,119</u></b>	<b><u>132,737,610</u></b>

## Interim Consolidated Income Statement

	31.03.2012	31.03.2011
	<i>(thousands of euro)</i>	
Interest and similar income	1,057,449	938,866
Interest expense and similar	(539,954)	(410,712)
<b>Net interest income</b>	<b>517,495</b>	<b>528,154</b>
Commission income	342,875	334,413
Commission expense	(43,699)	(43,094)
<b>Net commission income</b>	<b>299,176</b>	<b>291,319</b>
Dividends and similar income	298	2,110
Net trading income (loss)	48,826	13,755
Net hedging income (loss)	(25,077)	(6,066)
Income/expenses from disposal or repurchase of:	71,851	7,301
(a) loans	0	152
(b) available-for-sale financial assets	51,342	6,406
(c) held-to-maturity investments	-	-
(d) financial liabilities	20,509	743
Net income/expenses on financial assets and liabilities at fair value	(1,633)	(378)
<b>Gross income</b>	<b>910,936</b>	<b>836,195</b>
Net impairment losses on:	(133,247)	(107,007)
(a) loans	(131,170)	(105,374)
(b) available-for-sale financial assets	(3,222)	(1,600)
(c) held-to-maturity investments	-	-
(d) other financial transactions	1,145	(33)
<b>Net financial operating income</b>	<b>777,689</b>	<b>729,188</b>
Net insurance premiums	-	-
Other income/expenses of insurance operations	-	-
<b>Net income from banking and insurance operations</b>	<b>777,689</b>	<b>729,188</b>
Administrative expenses	(582,451)	(573,387)
(a) personnel expenses	(364,435)	(364,727)
(b) other administrative expenses	(218,016)	(208,660)
Net provisions for risks and charges	(4,115)	(10,419)
Net impairment losses on property, equipment and investment property	(26,542)	(27,353)
Net impairment losses on intangible assets	(20,139)	(30,837)
Other operating income/(expense)	52,263	57,698
<b>Operating expenses</b>	<b>(580,984)</b>	<b>(584,298)</b>
Profits (losses) of equity investments	10,806	4,755
Net impairment losses on goodwill	-	-
Profits (losses) on disposal of investments	50	95
<b>Profit (loss) from continuing operations before tax</b>	<b>207,561</b>	<b>149,740</b>
Taxes on income for the period from continuing operations	(95,101)	(76,918)
<b>After tax profit (loss) from continuing operations</b>	<b>112,460</b>	<b>72,822</b>
Profit (loss) after tax of discontinued operations	13	-
<b>Profit (loss) for the period</b>	<b>112,473</b>	<b>72,822</b>
Profit (loss) for the period attributable to minority interests	(7,095)	(8,213)
<b>Profit (loss) for the period attributable to the shareholders of the Parent</b>	<b>105,378</b>	<b>64,609</b>

## 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 1st 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 31st December 2100, but may be extended.

### Ratings

The following ratings have been assigned to UBI Banca by S&P, Moody's and Fitch:

- *S&P*

Short-term Counterparty Credit Rating	A-2
Long-term Counterparty Credit Rating	BBB+
Outlook	Negative
  
- *Moody's*

Long-term Debt and Deposit Rating	Baa2
Short-term Debt and Deposit Rating	Prime-2
Bank Financial Strength Rating	D+
Baseline Credit Assessment	baa3
Outlook (Deposit Ratings)	Negative
Outlook (BFSR)	Negative
  
- *Fitch*

Short-term Issuer Default Rating	F2
Long-term Issuer Default Rating	BBB+
Viability Rating	bbb+
Support Rating	2
Support Rating Floor	BBB
Outlook for Long-term Issuer Default Rating	Negative

S&P, Moody's and Fitch are established in the European Union and are registered under the CRA Regulation.

### The UBI Banca Group

UBI Banca, the parent bank of the UBI Banca Group, is a company listed on the Italian Stock Exchange and 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 the UBI Banca Group as at 31st December 2011 were as follows:

- a domestic network of 1,875 branches (the fifth largest network in Italy with a domestic market share of approximately 6%);
- 19,405 employees actually in service ("*Dipendenti effettivi in servizio*");
- approximately 4 million customers;
- direct funding from customers of €102.8 billion (ranking fourth in Italy and first among Italian co-operative banks);
- loans to customers of €99.7 billion (ranking fourth in Italy and first among Italian co-operative banks);
- total assets of €129.8 billion (ranking fifth in Italy and second among Italian co-operative banks); and
- sound capital ratios: Core Tier 1 of 8.56%, Tier 1 of 9.09%, Total Capital ratio of 13.50%.



The UBI Banca Group's distribution structure is as follows (with, in each case, market share given as at December 2011):

- a strong presence in some of the wealthiest regions of Italy, namely Lombardy (12.9% market share), Piedmont (8.3% market share) and Marche (8.1% market share);
- leadership in the reference provinces: Bergamo (21% market share), Brescia (22.8% market share), Varese (23% market share) and Cuneo (24.2% market share);
- a market share equal to or greater than 10% 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 (9.2% market share) and of Rome (3.9% market share).

#### ***The Parent Bank - UBI Banca S.c.p.A.***

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

- management, co-ordination and control by setting UBI Banca Group policies, formulating the UBI Banca 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 UBI Banca 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 performs its commercial activity through two 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.

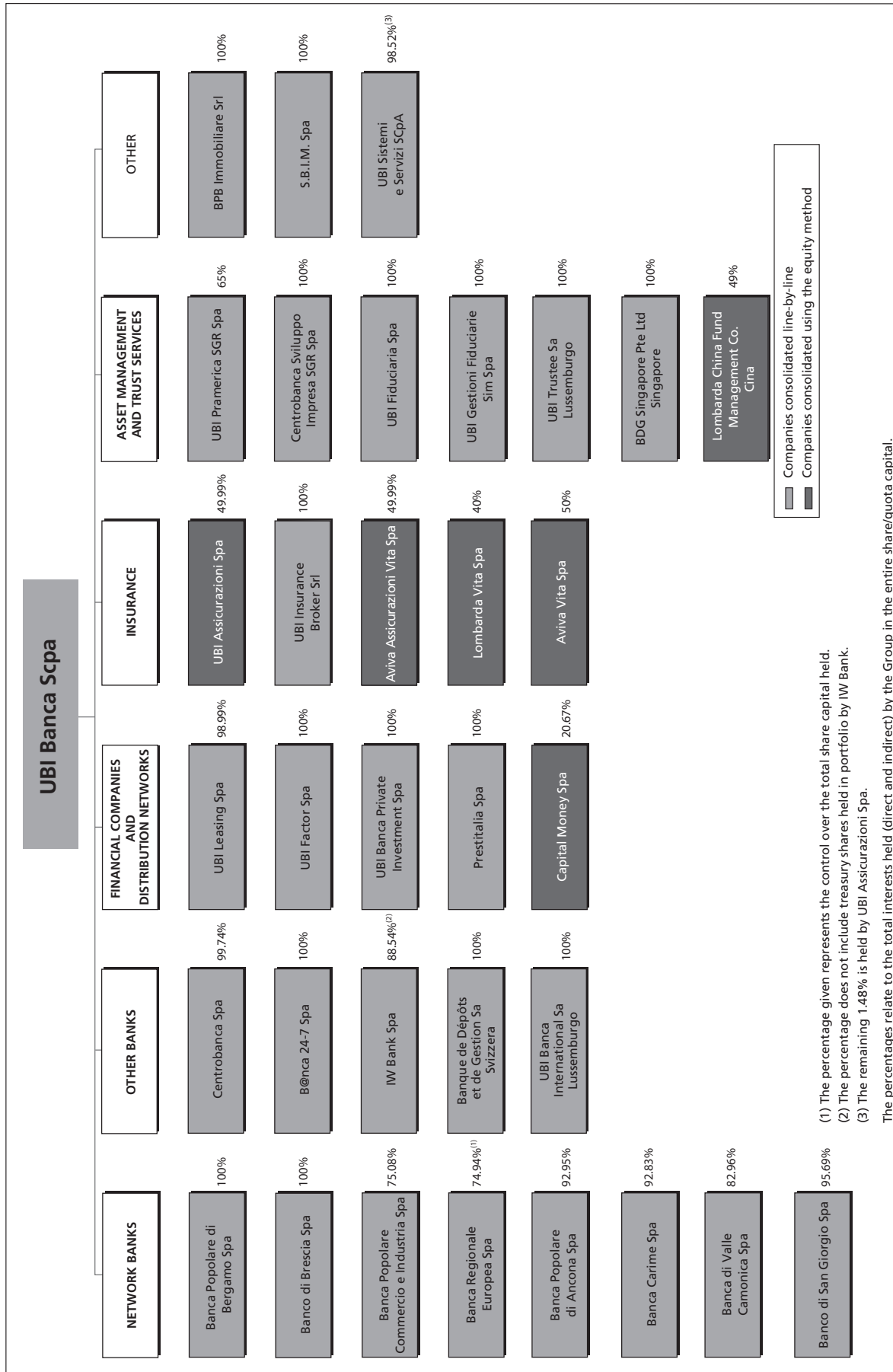
The network banks are divisionalised (retail, corporate and private) and their customer base is segmented to allow specific service models to be employed for each customer segment (Mass Market, Affluent, Private, POE (*Piccoli Operatori Economici*, or Small Economic Operators), Small Business, Low, Mid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

The network banks use services and instruments (e.g. Customer 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 groups (headed by BPU and Banca Lombarda, respectively) which formed the UBI Banca Group, 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.

## UBI Banca Group: principal investments as at 31st March 2012



## 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 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.c.p.A., based in Brescia, providing services and products to the other companies of the UBI Banca Group; 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 S.A. (with three branches in Switzerland and a "financial advisory company" in Singapore) and UBI Banca International S.A. (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 São Paulo 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. S.A.; and
- (v) one branch of UBI Factor S.p.A. in Krakow in Poland.

In November 2011 a series of activities to streamline the customer service model were launched as part of the UBI Banca Group's simplification process currently in progress.

These activities have led to the redefinition of service models for large corporate clients, in the consumer credit sector and in connection with the geographical market cover of some network banks. Implementation will also include a number of corporate transactions and will be completed during 2012 and in the first half of 2013. The initiatives planned will enable the UBI Banca Group to shorten the decision-making processes, improve risk management and increase synergies within the UBI Banca Group, while pursuing organisational clarity and simplicity. In particular:

- (a) a north western banking pole is expected to be created through the merger of Banco di San Giorgio S.p.A. (whose brand will be maintained) into Banca Regionale Europea;
- (b) a new service model, the "Large Corporate and Investment Banking", is expected to be created as a business division of UBI Banca; Centrobanca S.p.A. is expected to be merged into the parent company but will maintain its brand; and
- (c) a "streamlining" of consumer credit activities will occur through the exit from the special purpose and personal loans to non-captive customers business and the merging of Banca 24/7 (a bank specialised in consumer credit wholly-owned by UBI Banca) with its parent and the consequential transfer of outstanding captive mortgages and personal loans and non-captive personal and special purpose loans to UBI Banca and the management of credit card business by UBI Banca.

## **Banking Activities**

The financial information hereafter provided is extracted from the financial statements under IFRS as at 31st December 2011.

### **Network banks**

#### *Banca Popolare di Bergamo S.p.A. ("BPB")*

BPB is a retail bank which was established on 1st July 2003 and, as at 31st December 2011, was wholly-owned by UBI Banca.

For the year ended 31st December 2011, BPB's net financial operating income was €738.481 million, operating costs were €455.764 million, gross profit before tax was €284,203 million and net profit for 2011 was €171.768 million.

As at 31st December 2011, BPB's assets included direct funding from customers totalling €19.764 billion, indirect funding from customers totalling €24.564 billion and loans to customers totalling €19.610 billion. Net non-performing loans as a percentage of total net loans of BPB represented 2.29% of its outstanding loans as at 31st December 2011, and the ratio of net impaired loans to net loans was 2.41%. As at 31st December 2011, shareholders' equity of BPB (excluding profits for the year) equalled €2,117.762 million. As at 31st December 2011, BPB had 3,724 employees actually in service ("*Dipendenti effettivi in servizio*") and 358 branches.

#### *Banca Popolare Commercio e Industria S.p.A. ("BPCI")*

BPCI is a retail bank which was established on 1st July 2003 and, as at 31st December 2011, was 75.077% owned by UBI Banca 16.237% owned by Fondazione Banca del Monte di Lombardia and 8.686% owned by Aviva S.p.A.

For the year ended 31st December 2011, BPCI's net financial operating income was €327.104 million, operating costs were €238.940 million, gross profit before tax was €88.163 million and net profit for 2011 was €50.010 million.

As at 31st December 2011, BPCI's assets included direct funding from customers totalling €7.497 billion, indirect funding from private customers totalling €10.058 billion, and loans to customers totalling €8.563 billion. Net non-performing loans as a percentage of BPCI's total net loans for the period were 3.60% and the ratio of net impaired loans to net loans was 2.15%. As at 31st December 2011, shareholder equity of BPCI (excluding profits for the year) equalled €1,159.665 million. At the same date, BPCI had 1,713 employees actually in service ("*Dipendenti effettivi in servizio*") and 235 branches.

#### *Banca Popolare di Ancona S.p.A. ("BPA")*

BPA is a retail bank with 92.93% owned by UBI Banca (as at 31st December 2011), 6.49% owned by Aviva S.p.A. and with the remaining interest owned by minority shareholders.

For the year ended 31st December 2011, BPA's net financial operating income was €283.133 million, operating costs were €223.710 million, gross profit before tax was €31.276 million and net profit for 2011 was €2.276 million.

As at 31st December 2011, BPA's assets included direct funding from customers totalling €6.429 billion, indirect funding from customers totalling €3.534 billion, and loans to customers totalling €7.810 billion. Net non-performing loans as a percentage of BPA's total net loans amounted to 4.35% and the ratio of net

impaired loans to net loans was 3.50%. As at 31st December 2011, shareholder equity of BPA (excluding profits for the year) equalled €874.447 million. As at 31st December 2011, BPA had 1,727 employees actually in service (*"Dipendenti effettivi in servizio"*) and 238 branches.

#### *Banca Carime S.p.A. ("Carime")*

Carime is a retail bank operating in southern Italy (primarily in the regions of Campania, Puglia, Calabria and Basilicata) and, as at 31st December 2011, was owned 92.83% by UBI Banca, 7.15% by Aviva S.p.A. and with the remaining interest owned by minority shareholders.

For the year ended 31st December 2011, Carime's net financial operating income was €338.293 million, operating costs were €246.412 million, gross profit before tax was €80.489 million and net profit for 2011 was €45.981 million.

As at 31st December 2011, Carime's assets included direct funding from customers totalling €7.552 billion, indirect funding from customers totalling €5.376 billion and loans to customers totalling €4.866 billion. Net non-performing loans as a percentage of Carime's total net loans amounted to 1.93% and the ratio of net impaired loans to net loans was 3.34%. Shareholder equity of Carime (excluding profits for the year) equalled €1,548.394 million. As at 31st December 2011, Carime had 2,183 employees actually in service (*"Dipendenti effettivi in servizio"*) and 294 branches.

#### *Banco di Brescia S.p.A. ("Banco di Brescia")*

Banco di Brescia is a retail bank which, as at 31st December 2011, was wholly-owned by UBI Banca.

For the year ended 31st December 2011, Banco di Brescia's net financial operating income was €458.624 million, operating costs were €303.557 million, gross profit before tax was €155.250 million and net profit for 2011 was €94.952 million.

As at 31st December 2011, Banco di Brescia's assets included direct funding from customers totalling €12.733 billion, indirect funding from customers totalling €12.893 billion and loans to customers totalling €13.561 billion. Net non-performing loans as a percentage of total net loans of Banco di Brescia represented 1.62% of its outstanding loans as at 31st December 2011 and the ratio of net impaired loans to net loans was 2.84%. As at 31st December 2011, shareholder equity of Banco di Brescia (excluding profits for the year) equalled €1,373.992 million. As at 31st December 2011, Banco di Brescia had 2,584 employees actually in service (*"Dipendenti effettivi in servizio"*) in Italy and 364 branches.

#### *Banca Regionale Europea ("B.R.E. Banca")*

B.R.E. Banca is a retail bank which, as at 31st December 2011, was 74.94% owned by UBI Banca, 24.98% by Fondazione Cassa Risparmio di Cuneo and with the remaining interest owned by minority shareholders.

For the year ended 31st December 2011, B.R.E. Banca's net financial operating income was €238.071 million, operating costs were €187.115 million, gross profit before tax was €50.730 million and net profit for 2011 was €30.186 million.

As at 31st December 2011, B.R.E. Banca's assets included direct funding from customers totalling €5.810 billion, indirect funding from customers totalling €6.842 billion and loans to customers totalling €6.917 billion. Net non-performing loans as a percentage of total net loans of B.R.E. Banca represented 2.18% of its outstanding loans as at 31st December 2011 and the ratio of net impaired loans to net loans was 2.44%. As at 31st December 2011, shareholder equity of B.R.E. Banca (excluding profit for the year) totalled €1,439.973 million. As at 31st December 2011, B.R.E. Banca had 1,513 employees actually in service (*"Dipendenti effettivi in servizio"*) in Italy and 229 branches.

On 14th November 2011, the creation of a single North West banking operation was announced through the merger of Banco di San Giorgio S.p.A. into B.R.E. Banca with a view to Group simplification and local market focus.

On 21st December 2011, the Boards of Directors of the two banks approved the project to merge Banco di San Giorgio S.p.A. into B.R.E. Banca. It is estimated that the project may be completed by July 2012, effective for accounting and tax purposes from 1st January 2012.

#### *Banca di Valle Camonica S.p.A. ("Banca di Valle Camonica")*

Banca di Valle Camonica is a retail bank which belonged to the former Banca Lombarda Group and, as at 31st December 2011, was 74.24% owned by UBI Banca, 8.72% owned by Banco di Brescia, 6.38% owned by

Società Cattolica di Assicurazione S.p.A, 5.93% owned by Finanziaria di Valle Camonica S.p.A, 2.22% owned by La Scuola S.p.A and for the remaining part by minority shareholders.

For the year ended 31st December 2011, Banca di Valle Camonica's net financial operating income was €46.715 million, operating costs were €41.916 million, gross profit before tax was €4.799 million and net profit for 2011 was €0.728 million.

As at 31st December 2011, Banca di Valle Camonica's assets included direct funding from customers totalling €1.613 billion, indirect funding from customers totalling €1.049 billion and loans to customers totalling €1.890 billion. Net non-performing loans as a percentage of total net loans of Banca di Valle Camonica represented 2.79% of its outstanding loans as at 31st December 2011 and the ratio of net impaired loans to net loans was 3.05%. As at 31st December 2011, shareholders' equity of Banca di Valle Camonica (excluding profit for the period) totalled €111.093 million. As at 31st December 2011, Banca di Valle Camonica had 348 actually in service ("*Dipendenti effettivi in servizio*") employees and 66 branches.

#### *Banco di San Giorgio S.p.A. ("Banco di San Giorgio")*

Banco di San Giorgio is a retail bank, 38.19% of which was owned directly by UBI Banca as at 31st December 2011 and 57.50% of which was held indirectly through B.R.E. Banca, with the remaining part held by minority shareholders.

For the year ended 31st December 2011, Banco di San Giorgio's net financial operating income was €58.246 million, operating costs were €51.793 million, gross profit before tax was €6.453 million and net profit for 2011 was €1.190 million.

As at 31st December 2011, Banco di San Giorgio's assets included direct funding from customers totalling €2.416 billion, indirect funding from customers totalling €1.429 billion and loans to customers totalling €2.812 billion.

Net non-performing loans as a percentage of total net loans of Banco di San Giorgio represented 2.65% of its outstanding loans as at 31st December 2011 and the ratio of net impaired loans to net loans was 5.32%. As at 31st December 2011, shareholders' equity of Banco di San Giorgio (excluding profit for the period) totalled €200.266 million. As at 31st December 2011, Banco di San Giorgio had 419 employees actually in service ("*Dipendenti effettivi in servizio*") and 57 branches.

On 14th November 2011, the creation of a single North West banking operation was announced through the merger of Banco di San Giorgio into B.R.E. Banca with a view to Group simplification and local market focus.

On 21st December 2011, the Boards of Directors of the two banks approved the project to merge Banco di San Giorgio into B.R.E. Banca. It is estimated that the project may be completed by July 2012, effective for accounting and tax purposes from 1st January 2012.

#### *UBI Banca Private Investment S.p.A. ("UBI Banca Private Investment")*

UBI Banca Private Investment is a bank providing financial advisory and private banking services, which was 100% owned by UBI Banca as at 31 December 2011. It was formed through the merger by incorporation, effective 1st January 2008, of UBI Società di Intermediazione Mobiliare S.p.A. ("*UBI Sim*") into Banca Lombarda Private Investment S.p.A. ("*BLPI*"). The bank operates through a distribution network of approximately 750 financial advisers.

For the year ended 31st December 2011, UBI Banca Private Investment's net financial operating income was €36.903 million, operating costs were €34.075 million, gross profit before tax was €0.030 million and net loss for 2011 was €1.609 million. As at 31st December 2011, UBI Banca Private Investment's assets included direct funding from customers totalling €517.020 million, indirect funding from customers totalling €5.003 billion and loans to customers totalling €460.742 million.

Net non-performing loans as a percentage of total net loans of UBI Banca Private Investment represented 1.45% of its outstanding loans as at 31st December 2011 and the ratio of net impaired loans to net loans was 1.23%. As at 31st December 2011, shareholders' equity of UBI Banca Private Investment (excluding loss for the period) totalled €76.594 million.

As at 31st December 2011, UBI Banca Private Investment had 165 employees actually in service ("*Dipendenti effettivi in servizio*") and 26 branches.

## **Corporate Banking**

Centrobanca S.p.A. (“Centrobanca”)

Centrobanca is the corporate and investment bank of the UBI Banca Group. The UBI Banca Group holds 99.74% of its capital (94.27% held by UBI Banca and 5.47% by BPA).

As at 31st December 2011, Centrobanca had loans to customers totalling approximately €7.2 billion, with a ratio of net non-performing loans to total net loans of 1.48% and of net impaired loans to total net loans of 3.52%. Shareholders’ equity as at the same date (excluding profit for the period) amounted to €542.6 million. As at 31st December 2011, Centrobanca had 316 employees actually in service (“Dipendenti effettivi in servizio”) and six branches. Net profit for 2011 was €1.2 million.

With a view to further simplifying the UBI Banca Group’s customer service model, the UBI Banca Group decided in November 2011 to strengthen activities typical of Centrobanca’s business by merging it into the parent to create a business division dedicated to “large corporate and investment banking” clients, expected to be completed by 2013.

## **Asset Management**

UBI Pramerica Sgr S.p.A. (“UBI Pramerica”), the asset management company of the UBI Banca Group, is a joint venture between UBI Banca and Prudential International Investments Corporation, USA (“Prudential”), with 65% of its capital held by the UBI Banca Group and 35% 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 related to ordinary customers totalled €20.3 billion and the company’s net profit for the year amounted to €37.6 million.

The operation to transfer three Capitalgest Alternative hedge funds (Conservative, Dynamic and Equity Hedge) from UBI Pramerica to Tages Capital SGR S.p.A. was concluded with effect from 1st October 2011. The operation, commenced in April 2011, involved the acquisition by UBI Pramerica of a stake (recognised within available-for-sale financial assets) of 7.74% as at 31st December 2011 in the share capital of Tages Capital SGR S.p.A.

The operation to dispose of the units UBI Pramerica held in its proprietary mutual funds resulting from the transfer of the Capitalgest SGR S.p.A. operations in January 2008 was completed in the first half of 2011.

## **Bancassurance**

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

In respect of the non-life *Bancassurance* sector, UBI Banca holds 49.9999% of UBI Assicurazioni S.p.A. (“UBI Assicurazioni”) a joint venture with BNP Paribas/Ageas. The company registered a €2 million profit in 2011.

Moreover, the UBI Banca Group distributes products of three companies active in the sector of life *bancassurance*: Aviva Assicurazioni Vita S.p.A. (49.99% held by UBI Banca and the remaining part by Aviva S.p.A.), Aviva Vita S.p.A. (currently owned 50% by Aviva S.p.A. and the remaining part by UBI Banca) and Lombarda Vita S.p.A. (currently owned 40% by UBI Banca). These companies in 2011 recorded net profits respectively amounting to €3.2 million, €5.5 million and €4.5 million.

## **Consumer Finance**

B@nca 24-7 S.p.A. (“B@nca 24-7”), a wholly-owned subsidiary of UBI Banca as at 31st December 2011, is the company of the UBI Banca Group specialising in mortgage loans, personal loans, salary-backed loans and credit cards.

In relation to the higher risk of some lines of business and the need to focus lending operations, the Group has decided to reposition the activities performed by B@nca 24-7 in the consumer credit sector as follows:

- new grants of special purpose and personal loans to non-captive customers cease and activities are limited to the management of outstanding loans;
- the disbursement of mortgages to non-captive customers through external networks was transferred to the network banks of the UBI Group in May 2011, with a view to the acquisition of new customers and

a more balanced management of funding and risk control. No use of additional credit brokerage companies is planned;

- distribution of personal loans to captive customers by the network banks; and
- the specialisation of the company Prestitalia (a wholly-owned subsidiary of UBI Banca), appropriately expanded, in salary-backed loan business. Approximately €3.3 billion of outstanding salary backed loans held at present by B@nca 24-7 will be transferred to that company.

The issuance of credit cards (both charge and revolving cards) for the UBI Banca Group is centralised in B@nca 24-7. Personal loans and salary-backed loans are distributed both to captive and non-captive customers. In 2011 B@nca 24-7 disused the business development /distribution of finalised and consumer loans through non-captive network, presently just managing the present stocks.

Regarding mortgage loans, as from May 2011 B@nca 24-7 ceased the business development /distribution through commercial agreements with distribution networks outside the UBI Banca Group.

As at 31st December 2011, B@nca 24-7 had loans to customers totalling €10.5 billion, and a net profit of €18.34 million.

### **Leasing**

The UBI Banca Group presently offers leasing products through UBI Leasing S.p.A. ("UBI Leasing"). UBI Leasing is 98.99% controlled by UBI Banca.

As at 31st December 2011, UBI Leasing had total outstanding loans amounting to €9.1 billion and reported net loss of €30.2 million.

### **Factoring**

UBI Factor S.p.A. is wholly-owned by UBI Banca. As at 31st December 2011, the company had outstanding loans amounting to €2.9 billion and a net profit of €6.8 million.

### **The Issuer's share capital**

As at 31st December 2011, the issued share capital of the Issuer amounted to €2,254,366,898, consisting of 901,746,759 ordinary shares with a nominal value of €2.50 each. A share capital increase was implemented in July 2011 and was fully subscribed for a total amount of €999,908,234.75 by issuing 262,580,944 new ordinary shares.

### **Capital Management Initiatives**

In February to March 2012 UBI Banca launched tender offers on all outstanding Tier 1 Preferred Securities (€453 million) at 80% of their nominal amount. Approximately 24% of securities were tendered, with a net capital gain of €15.8 million which will be booked in the Issuer's results for the three months ended 31st March 2012. Outstanding Tier 1 securities as at 30th March 2012 amount to €344 million.

## **Recent Developments**

### **Capital Ratios**

As at 31st March 2012, the Group's capital ratios, calculated on a comparable basis with December 2011, were as follows: Core Tier 1 ratio of 9.01%, Tier 1 ratio of 9.44% and a Total Capital ratio of 13.88%. These ratios include a hypothesis of dividend and were calculated according to the standardised methodology.

On 21st May 2012, UBI Banca received from the Bank of Italy the authorisations required for the use of internal models for the purpose of measuring credit risk towards businesses in the corporate segment and operational risk for supervisory reports from 30th June 2012 onwards.

As a result of the reduction in risk weighted assets permitted by the use of internal models, the Group's Core Tier 1 ratio, which stood at 9.01% as at 31st March 2012, should stand at 9.86% on a pro-forma basis according to preliminary estimates as at that same date, providing an improvement of approximately 85 basis points.

The authorisation to use internal models is limited for the time being to the corporate segment of the nine network banks and to Centrobanca, which accounts for approximately 45% of Group credit risk.



With regard to credit risk, the authorisation does not include the portfolios of UBI Leasing and UBI Factor S.p.A., nor does it include the whole of the retail segment (retail small businesses and individuals) for the network banks, Banca 24/7 and the other legal entities of the Group. Furthermore, it does not include counterparty and market risk.

## 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 UBI Banca 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 among 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 current 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., Federazione Banche Assicurazioni e Finanza Member of the Board of Associazione Bancaria Italiana
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 S.r.l.
Mario Mazzoleni	Deputy Chairman	Chairman of Mazzoleni Industriale Commerciale S.p.A.
Battista Albertani	Board Member	Chairman of the Board of Albertani Corporates SpA, 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.
Luigi Bellini	Board Member	Chairman of the Board of Agricola Gualdo Tadino S.r.l. Member of the Board of Bonetti Acciai S.p.A. and Moulin Finance S.r.l. and sole administrator of Innocenzo S.r.l.
Mario Cattaneo	Board Member	Member of the Board of Bracco S.p.A., Luxottica Group S.p.A. Chairman of the Board of Statutory Auditors of: SIA SSB S.p.A. Member of the Board of Statutory Auditors of Michelin Italiana S.A.M.I. S.p.A.

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside the UBI Banca Group</b>
Silvia Fidanza	Board Member	No activities performed outside the UBI Banca Group
Enio Fontana	Board Member	CEO of Fontana Finanziaria S.p.A., Fontana Luigi S.p.A., I.B.S. S.r.l., Mec Bolt S.p.A., Editoriale UPIVEB srl Chairman of the Board of Bulloneria Briantea S.p.A., Bulloneria Galvani S.r.l., Bulloneria Barge S.p.A., G.F.D. S.a.s., Fontana Fasteners UK, Fontana Fasteners Mexico SA, Fontana Fasteners France sas Deputy Chairman of European Industrial Fasteners Institute Sole administrator of Nuova Eurodadi S.r.l., Soleasing S.r.l. Member of the Board of Fontana Fasteners Deutschland 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. General Partner: Loris Fontana e C. S.a.p.a. Chairman of the Board of Eunomia S.p.A., Beltrame Holding S.p.A. Member of the Board of De Longhi S.p.A., Cordifin S.p.A., Italcementi S.p.A., Delclima S.p.A. Chairman of the Board of Statutory Auditors of Comitalia Compagnia Fiduciaria S.p.A. Member of the Board of Statutory Auditors of Gebau Sapa
Carlo Garavaglia	Board Member	No activities performed outside the UBI Banca Group
Alfredo Gusmini	Board Member	Deputy Chairman and CEO of Beretta Holding S.p.A. CEO of Benelli Armi S.p.A., Arce Gestioni S.p.A. Member of the Board of Artic Freezing Docks S.p.A., Fabbrica d'Armi Pietro Beretta S.p.A.
Pietro Gussalli Beretta	Board Member	Chairman of the Board of Lucchini RS S.p.A. Deputy Chairman and CEO of Sinpar S.p.A. Member of the Board of RCS Mediagroup S.p.A., Beretta Holding S.p.A.
Giuseppe Lucchini	Board Member	Deputy Chairman of the Board of Italmobiliare S.p.A. Member of the Board of Italcementi S.p.A., Ciments Français S.A., Azienda Agricola Lodoletta srl Chairman of the Board of Statutory Auditors of Bmw Italia S.p.A., Alphabet Italia S.p.A., Bmw Milano S.r.l., Bmw Roma S.r.l., Husqvarna Motorcycles S.r.l., Immobileffe S.p.A., Cartiere Fedrigoni & C. S.p.A., Fedrigoni S.p.A.
Italo Lucchini	Board Member	

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside the UBI Banca Group</b>
Federico Manzoni	Board Member and Secretary	Chairman of the Board of Numerica S.r.l., IDS & Unitem S.r.l., Mittel Investimenti Immobiliari S.r.l. Member of the Board of O.P.Q. srl, Istituto Centrale sostentamento del Clero 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, Chromavis S.p.A. Member of the Board of Statutory Auditors of Barabino & Partners S.p.A., Barabino Immobiliare S.r.l., 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.
Enrico Minelli	Board Member	Member of the Board of Editrice Morcelliana
Toti S. Musumeci	Board Member	Member of the Board of SanLorenzo S.p.A
Sergio Orlandi	Board Member	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. and Immobiliare Reseda di Edda Fedrizzi & c. S.a.s.
Giorgio Perolari	Board Member	Chairman of the Board of Perofil S.p.A. Member of the Board of Italmobiliare S.p.A.
Sergio Pivato	Board Member	Deputy Chairman of Immobiliare Albenza S.p.A. Chairman of the Board of Statutory Auditors of Brembo S.p.A., SMA S.p.A., Società Editoriale Vita S.p.A. Member of the Board of Statutory Auditors of Auchan S.p.A.
Armando Santus	Board Member	Member of the Board of Studium srl
Roberto Sestini	Board Member	Chairman of the Board of 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., RS Servizi S Cons arl Member of the Board of Rivoira S.p.A., Carbitalia S.p.A.
Giuseppe Zannoni	Board Member	Sole administrator of Sefin S.p.A, TRE-F S.r.l. Member of the Board of Azienda agricola Azzurra di Zannoni & C. s.s., Rallen Pty Sud Africa, Ceramic Industries Pty Sud Africa 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 31st 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 three 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 CONSOB Regulation concerning related parties adopted by means of Resolution No. 17221/2010.

### Management Board

The Management Board is composed of a minimum of 7 and a maximum of 11 members elected with a three-year 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 the proposal of the Supervisory Board, having consulted 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 UBI Banca and the UBI Banca Group, to be submitted for 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 UBI Banca Group; and
- the preparation of the draft individual company financial statements and of the draft consolidated financial statements.

The Management Board is currently composed of:

Name	Position	Principal activities performed outside the UBI Banca Group
Emilio Zanetti	Chairman	Deputy Chairman of the Board of Sacbo S.p.A. Member of the Board of Italcementi S.p.A., Fondo Interbancario Tutela dei Depositi Member of the Board of Associazione Bancaria Italiana
Flavio Pizzini	Deputy Chairman	Chairman of the Board of Statutory Auditors of ITL srl Member of the Board of Novaradio S.r.l.
Victor Massiah	CEO	Member of the Board of Associazione Bancaria Italiana

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside the UBI Banca Group</b>
Giampiero Auletta Armenise	Board Member	Chairman of the Board of Mistralfin S.p.A  Non executive Chairman: Rothschild SpA
Giuseppe Camadini	Board Member	Deputy Chairman of the Board of Edizioni Studium S.p.A., Editrice "La Scuola" S.p.A Member of the Board of S. Giuseppe S.p.A.
Mario Cera	Board Member	Member of the Board of Fiducialis S.r.l.
Giorgio Frigeri	Board Member	Chairman of Ist. Diocesiano per il sostentamento del clero Bergamo
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., Polo Grafico S.p.A. Chairman of the Board of Statutory Auditors of Fiandino S.r.l., Alma S.p.A., Riserva di Pesca Valle Pesio soc. cons. arl Member of the Board of Statutory Auditors of Alma Tipografica S.r.l., Preve Costruzioni S.p.A., Sigit S.p.A., Piemonte Volley S.r.l., Coop Edilizia Le Ghiande Auditor of Arpa, Camera di Commercio di Biella, Agenzia Lane d'Italia
Guido Lupini	Board Member	No activities performed outside the UBI Banca Group
Andrea Moltrasio	Board Member	Chairman of the Board of Clinica Castelli S.p.A, Icro Didonè S.p.A, ICRO Fepyr slu (Spagna), Fepyr Tintas Portugal CEO of Icro Coatings S.p.A
Franco Polotti	Board Member	Chairman of the Board and CEO of O.R.I Martin S.p.A. Chairman of the Board of Interim Interventi Immobiliari e Mobiliari S.r.l., Fondazione Tassara Deputy Chairman and CEO of the Board of Mar.Bea S.r.l. CEO of Trafilati Martin S.p.A. Member of the Board of F.B.G. di Polotti Franco EC. S.N.C., 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

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 31st December 2012.

## General Management

Name	Position
Francesco Iorio	General Manager
Elvio Sonnino	Senior Dep.Gen.Manager
Rossella Leidi	Deputy General Manager
Giovanni 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 duties of the members of the Supervisory Board and the Management Board to UBI Banca 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.

## Taxation

The statements herein regarding taxation summarise the main tax consequences of the purchase, the ownership, the redemption and the disposal of the Notes. They apply to a holder of Notes only if such holder purchases its Notes in this offering. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law.

This summary assumes that payments of interest and on redemption in respect of the Notes do not have a United Kingdom source for the purposes of United Kingdom taxation and also assumes that the Issuer is organised and that the Issuer's business will be conducted in the manner outlined in this Prospectus. Changes in the Issuer's tax residence, organisational structure or the manner in which it conducts its business may invalidate this summary.

This summary also assumes that each transaction with respect to Notes is at arm's length.

Where in this summary English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The statements herein regarding taxation are based on the laws in force in Italy and in the United Kingdom 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 laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. Accordingly, investors should consider this aspect before investing.

**Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences under Italian tax law, under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.**

### Italian Taxation

#### 1. Tax treatment of the Notes qualifying as bonds or similar securities

##### 1.1 Notes issued by certain categories of issuer

Italian Legislative Decree No. 239 of 1 April 1996, as amended and supplemented ("Decree No. 239"), regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "Interest") from Notes issued, *inter alia*, by Italian resident banks. The provisions of Decree No. 239 only apply to Notes which qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("Decree No. 917"). Pursuant to Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not less than that therein indicated and (ii) attribute to the holders no direct or indirect right to control or participate in the management of the Issuer.

##### 1.1.1 Italian Resident Noteholders

Where an Italian resident Noteholder is: (i) an individual not engaged in a business activity to which the Notes are effectively connected (unless the same individual has opted for the application of the *Risparmio Gestito regime* – see under "Capital Gains" below), (ii) a non-commercial partnership, (iii) a non-commercial private or public institution, or (iv) an investor exempt from Italian corporate income taxation, Interest payments (accrued during the relevant holding period) relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 20% (either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes). The *imposta sostitutiva* may not be recovered as a deduction from the income tax due.

In case the Notes are held by an individual or a non commercial private or public institution engaged in a business activity and are effectively connected with the same business activity, the *imposta sostitutiva* applies

as a provisional tax and the relevant Interest will be included in their relevant income tax return. As a consequence, the Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("SIMs"), *società di gestione del risparmio* ("SGRs"), fiduciary companies, stock exchange agents and other entities identified by the relevant decrees of the Ministry of Finance (the "Intermediaries").

An Intermediary must satisfy the following conditions: (i) it must be: (a) resident in Italy; or (b) a permanent establishment in Italy of an Intermediary resident outside Italy; or (c) an organisation or company non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which include Euroclear having appointed an Italian representative for the purposes of Decree No. 239; and (ii) it must intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes. In order to apply the *imposta sostitutiva*, an Intermediary opens an account (the "single account" or *conto unico*) to which it credits or debits (as the case may be) the *imposta sostitutiva* in proportion to Interest accrued.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian agent paying interest to a Noteholder. Where the Interest are paid by the Issuer directly to the Noteholders, the obligation described herein concerning the levying of the *imposta sostitutiva* must be executed directly by the Issuer.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime ("*Risparmio Gestito*" regime as described under the paragraph "Capital Gains", below). In such a case, Interest will not be subject to *imposta sostitutiva* but will concur in determining the annual net accrued result of the portfolio, which is subject to an ad hoc substitutive tax of 20%.

The *imposta sostitutiva* also does not apply to the following subjects to the extent that the Notes and the related Coupons and Receipts are deposited in a timely manner, directly or indirectly, with an Intermediary:

- (a) *Corporate investors* — Where an Italian resident Noteholder is a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), Interest accrued on the Notes must be included in: (i) the relevant Noteholder's yearly taxable income subject to corporate income tax purposes ("*IRES*") at the ordinary rate of 27.5% and (ii) in certain circumstances, depending on the status of the Noteholder, also in its "net value of production" for the purposes of the regional tax on productive activities ("*IRAP*"), generally applying at the relevant rate of 3.9%;
- (b) *Funds* — As of 1st July 2011, the funds regulated by Article 9 of Law No. 77 of 23rd March 1983, by Article 14 of Legislative Decree No. 84 of 25th January 1992 (*SICAV*) and by Article 11 of Law No. 344 of 14th August 1993 (the "Funds") are not subject to any income tax. A 20% substitute tax is levied on the proceeds distributed by Funds or any case derived by certain categories of unitholders upon redemption or disposal of the units;
- (c) *Pension funds* — Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by article 17 of the Legislative Decree No. 252 of 5th December 2005), Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 11% substitute tax;
- (d) *Real Estate Investment Funds* — Under the current regime provided by Law Decree No. 351 of 25th September 2001, converted into law, with amendments, by Law No. 410 of 23rd November 2001, as amended from time to time, payments of Interest in respect of the Notes to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24th February 1998 or Article 14-bis of Law No. 86 of 25th January 1994 (the "Real Estate Investment Funds") are not subject to the *imposta sostitutiva* (as clarified by the Italian Tax Authorities through Circular No. 47/E of 8th August 2003).

### 1.1.2 Non-Italian Resident Noteholders

An exemption from *imposta sostitutiva* is provided with respect to certain beneficial owners of the Notes resident outside of Italy. In particular, pursuant to Decree 239, the aforesaid exemption will apply to any beneficial owner of an Interest payment relating to the Notes who: (i) is resident, for tax purposes, in a country which recognises the Italian Tax Authorities' right to an adequate exchange of information as listed in



ministerial decree 4th September 1996, as amended and supplemented from time to time (the "Current Decree"). Law No. 244 of 24th December 2007 ("Budget Law for 2008") provides that such ministerial Decree has to be replaced by a Ministerial Decree (the "Projected Decree") to be enacted according to the provision set forth by Article 168*bis* of Decree No. 917. Until such the Projected Decree enters into force the Current Decree applies; or (ii) is an international body or entity incorporated in accordance with international agreements which have entered into force in Italy; or (iii) is an institutional investor incorporated in a country which recognises the Italian Tax Authorities right to an adequate exchange of information, even if it does not possess the status of taxpayer in its own country of incorporation; or (iv) is the Central Bank or an entity also authorised to manage the official reserves of a state.

The exemption procedure for Noteholders who are non-resident in Italy and are resident in qualifying countries identifies two categories of intermediaries:

- (a) an Italian or foreign bank or financial institution (the "First Level Bank"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and
- (b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Italian tax authorities (the "Second Level Bank"). Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Finance (which includes Euroclear) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24th February 1998) for the purposes of the application of Decree No. 239.

In the event that a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as First Level Bank and Second Level Bank.

The exemption from *imposta sostitutiva* for Noteholders who are non-resident in Italy is conditional upon:

- (i) the deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and
- (ii) the submission to the First Level Bank or the Second Level Bank, as the case may be, of a statement of the relevant Noteholder, to be provided only once, in which it declares that it is eligible to benefit from the exemption from the *imposta sostitutiva*. Such statement must comply with the requirements set forth by a Ministerial Decree dated 12th December 2001, is valid until withdrawn or revoked and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purpose was previously submitted to the same depositary. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy or Central Banks or entities also authorised to manage the official reserves of a State.

The First Level Bank is obliged to send the above statement to the Second Level Bank within 15 days from receipt, together with any necessary affidavit in the event that other intermediaries intervene between the Noteholder and the First Level Bank.

As provided for by Ministerial Decree No. 632 dated 4th December 1996, the Second Level Bank files the data relating to the non-resident Noteholder together with the data relating to the First Level Bank and the transactions carried out, via telematic link, to the Italian Tax Authorities within the first transmission period after receipt of such data. Transmission periods are two- week periods per month during which the Second Level Bank transmits to the Italian tax authorities data relating to bond transactions carried out during the preceding month. The Italian Tax Authorities monitor and control such data and any discrepancies thereof.

In case of failure to comply with the above exemption procedure *imposta sostitutiva* will apply on proceeds payable to non-resident Noteholders (increased by 1.5% for each month or fraction of a month of delay after the month in which payment of the *imposta sostitutiva* should have been made in case of false or incomplete information) pursuant to the ordinary rules applicable for the payment of *imposta sostitutiva* by Italian resident investors.

For Noteholders who are non-resident in Italy, the Second Level Bank acts as the intermediary responsible for assessing the applicability of *imposta sostitutiva* and, consequently, for levying and paying it to the Italian Tax Authorities in accordance with the procedure described above.

## 2. Tax treatment of Notes qualifying as atypical securities (*titoli atipici*)

Interest payments relating to atypical securities are subject to 20% withholding tax.

Atypical securities are securities that do not fall within the category of (a) shares (*azioni*) and securities similar to shares (*titoli similari alle azioni*) and of (b) bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

Where the Noteholder is (i) a non-Italian resident person, (ii) an Italian resident individual not holding the Notes for the purpose of carrying out a business activity, (iii) an Italian resident non-commercial partnership, (iv) an Italian resident non-commercial private or public institution, (v) a Fund, (vi) an Italian Real Estate Investment Fund, (vii) a Pension Fund, or (viii) an Italian resident investor exempt from Italian corporate income taxation, such withholding tax is a final withholding tax.

Where the Noteholder is (a) an Italian resident individual carrying out a business activity to which the Notes are effectively connected, or (b) an Italian resident corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), such withholding tax is an advance withholding tax.

In case of a non-Italian resident Noteholder without a permanent establishment in Italy to which the Notes are effectively connected, the above mentioned withholding tax rate maybe reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, subject to timely filing of the required documentation.

## 3. Capital Gains

### 3.1. Italian resident Noteholders

In general, a 20% capital gains tax ("CGT") is applicable to capital gains realised on any sale or transfer of the Notes or on redemption thereof by Italian resident individuals (who are not engaged in a business activity to which the Notes are effectively connected), regardless of whether the same Notes are held outside of Italy.

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

In order to pay the taxes on the aforementioned capital gains, taxpayers can opt for one of the three following regimes:

(a) *tax return regime ("Regime della Dichiarazione")*: tax return regime is the default regime for taxation of capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the notes are connected. The Noteholder will have to assess the overall capital gains realised in a certain fiscal year, net of any incurred capital losses, in his annual income tax return and pay the CGT so assessed together with the income tax due for the same fiscal year. Losses exceeding gains can be carried forward in the following fiscal years up to the fourth following fiscal year. Since this regime constitutes the ordinary regime, the taxpayer must apply it to the extent that such taxpayer does not opt for any of the two other regimes;

(b) *non-discretionary investment portfolio regime ("Regime Del Risparmio Amministrato")*: the Noteholder may elect to pay the CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or other authorised intermediaries and (ii) an express election for the *Regime Del Risparmio Amministrato* regime being made timely and in writing by the relevant Noteholder. The *Regime Del Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent year. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale, transfer or redemption of the Notes. The intermediary is required to pay the relevant amount to the Italian tax authorities by the 16th day of the second month following the month in which the CGT is applied, by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale, transfer or redemption of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary and within the same deposit relationship, up to the fourth following fiscal year. The Noteholder is not required to declare the gains in its annual income tax return; and

(c) *discretionary investment portfolio regime ("Regime Del Risparmio Gestito")*: if the Notes are part of a portfolio managed by an Italian asset management company, capital gains will not be subject to the CGT, but will contribute to determine the annual net accrued result of the portfolio. Said annual net accrued result, even if not realised, is subject to an ad hoc 20% substitute tax, which the asset management company is

required to levy on behalf of the Noteholder. Any losses of the investment portfolio accrued at year end may be carried forward against net profits accrued in each of the following fiscal years, up to the fourth following fiscal year. Under such regime the Noteholder is not required to declare the gains in its annual income tax return.

The aforementioned regime does not apply to the following subjects:

- (A) *Corporate investors* (including banks and insurance companies) — Capital gains realised by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) on the disposal or redemption of the Notes will form part of their aggregate income subject to IRES. In certain cases, capital gains may also be included in the taxable net value of production of the aforementioned entities for IRAP purposes. The capital gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. If certain conditions are satisfied, the capital gain may be taxed in equal instalments over up to five fiscal years for the purposes of IRES;
- (B) *Funds* — Capital gains realised by the Funds on the Notes are not subject to withholding taxes or substitute taxes, but subsequent distributions in favour of unitholders or shareholders may be subject to a 20% substitute tax;
- (C) *Pension Funds* — Capital gains realised by Pension Funds on the Notes contribute to determine their annual net accrued result, which is subject to an 11% substitute tax;
- (D) *Italian Real Estate Investment Funds* — Capital gains, if any, realised upon disposal of the notes by Italian Real Estate Investment Funds are not subject to withholding taxes or substitute taxes.

### 3.2. Non-Italian Resident Noteholders

Subject to the provisions of the applicable tax treaty:

- (a) Capital gains realised by non-resident Noteholders on the disposal of the Notes are not subject to tax in Italy, regardless of whether the Notes are held in Italy, subject to the condition that the Notes are listed on a regulated market (e.g. London Stock Exchange);
- (b) Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian issuer and not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the actual beneficiary: (i) is resident in a country which allows for a satisfactory exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20%.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale or redemption of Notes.

## 4. Transfer Taxes

Pursuant to article 37 of Law Decree No. 248 of 31st December 2007, (converted into law by law No. 31 of 28th February 2008) the stamp duty tax (*tassa sui contratti di borsa*) provided by Royal Decree 30th December 1923 and Legislative Decree n. 435 of 21st November 1997 – which may have applied to transfers of the Notes – was repealed. Following the repeal of the Italian transfer tax, as from 31st December 2007, contracts relating to the transfer of securities are subject to registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy are subject to a lump sum registration tax of Euro 168; (ii) private deeds (*scritture private non autenticate*) are subject to a lump sum registration tax of Euro 168 only in case of use or voluntary registration.

## 5. Inheritance and Gift Tax

According to Law No. 383 of 18th October 2001 ("Law No. 383/2001"), Italian inheritance and gift tax, previously generally payable on transfer of securities by gift or death, was abolished as of 25th October 2001.

Pursuant to Law Decree No. 262 dated 3rd October 2006, converted, with amendments, by Law No. 286 of 24th November 2006, as subsequently amended, inheritance and gift taxes have been re-introduced in the Italian tax system. Such taxes will apply on the overall net value of the relevant assets, at the following rates, depending on the relationship between the testate (or donor) and the beneficiary (or donee): (a) 4% if the beneficiary (or donee) is the spouse or a direct ascendant or descendant (such rate only applies on the net asset value exceeding, for each person, Euro 1 million); (b) 6% if the beneficiary (or donee) is a brother or sister (such rate only applies on the net asset value exceeding, for each person, Euro 100,000); (c) 6% if the beneficiary (or donee) is another relative within the fourth degree or a direct relative-in-laws as well an indirect relative-in-law within the third degree; and (d) 8% if the beneficiary is a person, other those mentioned other (a), (b) and (c), above.

If the beneficiary (or donee) is a person with a serious disability recognised by law, inheritance and gift tax will apply on the value of his/her quota exceeding Euro 1.5 million.

Moreover, an anti-avoidance rule is provided for by Law No. 383/2001 for any gift of assets (such as the Notes) which, if sold for consideration, would give rise to capital gains subject to CGT. In particular, if the donee sells the Notes for consideration within five years from the receipt thereof as a gift, the donee is required to pay the relevant CGT on capital gains as if the gift had not been made.

## 6. Tax Monitoring

Pursuant to Law Decree No. 167 of 28th June 1990, converted by Law No. 227 of 4th August 1990, as amended and restated from time to time, individuals resident in Italy who, at the end of the fiscal year, hold investments abroad or have financial activities abroad must, in certain circumstances, disclose such investments and activities and related transactions to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return).

This obligation does not exist if, *inter alia*, each of the overall value of the foreign investments or financial activities at the end of the fiscal year, and the overall value of the related transactions carried out during the relevant fiscal year, does not exceed Euro 10,000.

## 7. Stamp duty

Pursuant to Article 19(1) of Decree No. 201 of 6th December 2011 ("Decree No. 201"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Note which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.1% for the year 2012 and at 0.15% for subsequent years; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty can be no lower than €34.20 and, for the year 2012 only, it cannot exceed €1,200. Although the stamp duty is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

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

## 8. Wealth Tax on securities deposited abroad

Pursuant to Article 19(18) of Decree No. 201, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.1% for 2011 and 2012, and at 0.15% for subsequent years.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due). Although the wealth tax is already applicable, certain aspects of the relevant discipline are expected to be clarified by future guidelines.

## **United Kingdom Taxation**

On the basis that interest on the Notes is not expected to have a United Kingdom source, no redemption or interest payments made by the Issuer to holders of the Notes are required to be made under deduction or withholding for or on account of United Kingdom taxation.

Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual, or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue and Customs ("HMRC") regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on the redemption of such Notes, HMRC published practice indicates that HMRC will not exercise its power to obtain information where such amounts are paid or received on or before 5th April 2013.

## **European Directive on the Taxation of Savings Income**

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "Directive"), each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to (or for the benefit of), or collected by such a person for, an individual resident or certain other persons established in another Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, unless during such period they elect otherwise (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, 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 person within their jurisdiction to, or collected by such a person for, an individual resident or certain other persons established in a Member State.

In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain dependent or associated territories in relation to payment of interest or similar income made by a person in a Member State to, or collected by such a person for, an individual resident or certain other persons established in one of those territories.

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

The Directive has been implemented in Italy by Legislative Decree No. 84 of 18th April 2005. Pursuant to said decree Italian paying agents (e.g., banks, SIMs, SGRs, financial companies and fiduciary companies resident in Italy for tax purposes, permanent establishments in Italy of non-resident persons as well as any other person resident in Italy for tax purposes paying interest for professional or commercial reasons) shall report to the Italian tax authorities details of interest payments made from 1st July 2005 to individuals which qualify as beneficial owners thereof and are resident for tax purposes in another EU Member State. Such information will be transmitted by the Italian tax authorities to the competent authorities of the State of residence of the beneficial owner of the interest payment by 30th June of the fiscal year following the fiscal year in which said interest payment is made.

Noteholders who are individuals and receive Interest on the Notes should note that additional amounts which, at present, may become due as described in Condition 7 ("Taxation") above would not be due in respect of withholding tax imposed under or pursuant to the Directive, or any law implementing or complying with, or introduced in order to conform to, the Directive.

***Prospective investors resident in a Member State of the European Union should consult their own legal or tax advisers regarding the consequences of the Directive in their particular circumstances.***

# Form of Final Terms

## Final Terms dated [●]

### Unione di Banche Italiane S.c.p.a.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the Euro 15,000,000,000 Debt Issuance Programme

#### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplemental Prospectus dated [●] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing [at [website] [and] during normal business hours at [address] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. [NON-LONDON LISTED]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [original date] and [current date] [and the supplemental Prospectus dated [●]]. The Prospectuses [and the supplemental Prospectus] are available for viewing [at [website] [and] during normal business hours at [address] and copies may be obtained from [address].]

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date. [LONDON LISTED]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus dated [●]] and incorporated by reference into the Prospectus dated [current date] and which are attached hereto. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus dated [current date] [and the supplemental Prospectus dated [●]]. The Prospectuses [and the supplemental Prospectus] are available for viewing [at [website] [and] during normal business hours at [address] and copies may be obtained from [address].]

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

*[When completing the 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. Issuer: Unione di Banche Italiane S.c.p.a.
2. [(i)] Series Number: [●]

- [(ii) Tranche Number:] [●]
- [(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).]
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount of Notes admitted to trading: [●]
- [(i) Series: [●]
- [(ii) Tranche:] [●]
5. Issue Price: [●]% of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (if applicable)]
6. (i) Specified Denominations: [●] (Where the specified denomination is €100,000 or equivalent and multiples of a lower principal amount:) [[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No notes in definitive form will be issued with a denomination above [€199,000]]
- (ii) Calculation Amount: [●]
7. [(i) Issue Date: [●]
- [(ii) Interest Commencement Date: [●] [Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Notes where the interest period end date(s) are adjusted or any other rate where the interest period end date(s) are adjusted) Interest Payment Date falling in or nearest to the relevant month and year]
9. Interest Basis: [[●]% Fixed Rate]  
[[specify reference rate] +/[●]% Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (specify)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]
11. Change of Interest or Redemption/Payment Basis: (Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis)
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. [(i) Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated]
- [(ii) [Date [Board] approval for issuance of Notes obtained: [●] [and [●], respectively]]  
[(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes]
14. Method of distribution: [Syndicated/Non-syndicated]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
  - (ii) Interest Payment Date(s): [●] in each year
  - (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]/ISDA)/other]
  - (vi) Determination Dates: [●] in each year *(insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA))*
  - (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/(give details)]
16. **Floating Rate Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
  - (ii) Specified Interest Payment Dates: [●]
  - (iii) Interest Period Date: [●]  
*(Not applicable unless different from Interest Payment Date)*
  - (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
  - (v) Business Centre(s): [●]
  - (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other *(give details)*]
  - (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
  - (viii) Screen Rate Determination:
    - Reference Rate: [●]
    - Interest Determination Date(s): [●]
    - Relevant Screen Page: [●]
  - (ix) ISDA Determination:
    - Floating Rate Option: [●]
    - Designated Maturity: [●]
    - Reset Date: [●]
  - (x) Margin(s): [+/-][●]% per annum



- (xi) Minimum Rate of Interest: [●]% per annum
- (xii) Maximum Rate of Interest: [●]% per annum
- (xiii) Day Count Fraction: [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
17. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield: [●]% per annum
- (ii) Any other formula/basis of determining amount payable: [●]
18. **Index Linked Interest Note/other variable-linked interest Note Provisions:** [Applicable/Not Applicable]  
*(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 Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Interest Determination Date(s): [●]
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]  
*[Include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]*
- (vi) Interest Period(s): [●]
- (vii) Specified Interest Payment Dates: [●]
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Business Centre(s): [●]
- (x) Minimum Rate of Interest: [●]% per annum
- (xi) Maximum Rate of Interest: [●]% per annum
- (xii) Day Count Fraction: [●]
19. **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 Rate(s) of Interest and Interest Amount(s) (if not the [Agent]): [●]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●] *[Include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [●]

## PROVISIONS RELATING TO REDEMPTION

20. **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 each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) If redeemable in part:
    - (a) Minimum Redemption Amount: [●] per Calculation Amount
    - (b) Maximum Redemption Amount: [●] per Calculation Amount
  - (iv) Notice period: [●]
21. **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 Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
  - (iii) Notice period: [●]
22. **Final Redemption Amount of each Note:** [[●] 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 [Agent]): [●]
  - (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
  - (iv) 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: [●] *[Include a description of market disruption or settlement disruption events and adjustment provisions if appropriate]*
  - (v) Payment Date of Final Redemption Amount: [●]

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

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

**23. Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on 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): [●]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

**24. Form of Notes:**

Bearer Notes:

New Global Note:

[Yes][No]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes]

*[If the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000]" the Temporary Global Note must not be expressed to be exchangeable for Definitive Notes]*

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

Registered Notes:

[Global Certificate registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]

25. 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 17(v) and 19(ix) relate]

26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes/No. If yes, give details]

27. Details relating to Partly Paid Notes: 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 Notes and interest due on late payment:

[Not Applicable/give details]

28. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:

[Not Applicable/give details]

29. Redenomination, renominatisation and reconventioning provisions:

[Not Applicable/The provisions annexed hereto apply]

30. Consolidation provisions:

[Not Applicable/The provisions annexed hereto apply]

31. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute a "significant new factor" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

**DISTRIBUTION**

- 32. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Stabilising Manager(s) (if any): [Not Applicable/give name]
- 33. If non-syndicated, name of Dealer: [Not Applicable/give name]
- 34. U.S. Selling Restrictions: [Reg S Compliance Category 1; TEFRA C/TEFRA D/TEFRA not applicable]
- 35. Additional selling restrictions: [Not Applicable/give details]

**[PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange’s EEA Regulated Market of the Notes described herein pursuant to the Euro 15,000,000,000 Debt Issuance Programme of Unione di Banche Italiane S.c.p.a.]

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

## PART B — OTHER INFORMATION

### 1. LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S&P: [●]]

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

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

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

**Option 1: CRA is (i) established in the EU and (ii) registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").

**Option 2: CRA is (i) established in the EU; and (ii) has not applied for registration is not registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EU and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 (the "CRA Regulation").

**Option 3: CRA is not established in the EU but the relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but the rating it has given to the Notes is endorsed by *[insert legal name of credit rating agency]*, which is established in the EU and registered under Regulation (EC) No 1060/2009 (the "CRA Regulation").

**Option 4: CRA is not established in the EU and the relevant rating is not endorsed under the CRA Regulation, but the CRA is certified under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating]* is not established in the EU but is certified under Regulation (EC) No 1060/2009 (the "CRA Regulation").

**Option 5: CRA is neither established in the EU nor certified under the CRA Regulation and the relevant rating is not endorsed under the CRA Regulation:**

*[Insert legal name of particular credit rating agency entity providing rating] is not established in the EU and is not certified under Regulation (EC) No 1060/2009 (the “CRA Regulation”) and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU and registered under the CRA Regulation.*

**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:*

So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

**[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:

[●]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*

[(iii) Estimated total expenses:

[●] *[Include breakdown of expenses.]*  
*(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 Notes only — YIELD**

Indication of yield:

[●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**6. [Index Linked or other variable-linked Notes only — PERFORMANCE OF INDEX/ FORMULA/other variable and other information concerning the underlying**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

[The Issuer does not intend to provide post-issuance information]

**7. [Dual Currency Notes only — PERFORMANCE OF RATE[S] OF EXCHANGE**

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

## 8. OPERATIONAL INFORMATION

Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes][No]

[Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as a common safekeeper (that is, held under the NSS)] *[include this text for registered notes]* and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][*include this text if "yes" selected in which case bearer Notes must be issued in NGN form*]

ISIN Code:

[●]

Common Code:

[●]

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

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

Delivery:

Delivery [against/free of] payment

Names and addresses of Initial Paying Agent(s):

[●]

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

[●]

## Subscription and Sale

Subject to the terms and conditions contained in an Amended and Restated Programme Agreement dated 28th June 2012 (as amended, restated or supplemented from time to time) (the "Programme Agreement") among the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

As at 31st December 2011, the UBI Banca Group held 99.74% of the issued ordinary shares of Centrobanca S.p.A., a party to the Programme Agreement.

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

### United States

The Notes have not been and will not be registered under the U.S. Securities Act, as amended and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Dealer has represented and agreed that it has not offered or sold, and shall not offer or sell, any Notes constituting part of its allotment within the United States except as permitted by the Programme Agreement. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form having a maturity of more than one year 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 U.S. Internal Revenue Code and regulations thereunder.

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

Each issuance of index, commodity or currency-linked Notes may be subject to such additional U.S. selling restrictions as the relevant Dealer(s) may agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### 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 and agreed, that with effect from and



including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
  - (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
  - (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,
- provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) 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 (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (ii) 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 such Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### **The Netherlands**

Each Dealer has represented, warranted and agreed that the Notes (or any interest therein) may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Prospectus nor any other document in relation to any offering of the Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in the Prospectus Directive, provided that these parties acquire the relevant Notes for their own account or that of another qualified investor. However, the Notes may be offered free of any restrictions (i) provided that each such Note has a minimum denomination in excess of EUR 100,000 (or the equivalent thereof in non-Euro currency) and (ii) unless the relevant Final Terms specify that the standard exemption wording required by Article 5:20(5) of the Dutch Financial Supervision Act is not applicable, subject to the standard exemption wording being disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24th February 1998, as amended (the "Financial Services Act") and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14th May 1999, as amended from time to time ("Regulation No. 11971"); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1st September, 1993, as amended (the "Banking Act");
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities (i) in the Republic of Italy or (ii) by Italian persons outside of the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or any other Italian authority.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or, to or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

## Singapore

Each Dealer has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased by a relevant person specified in Section 275 of the SFA which is:

- a. a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries rights and interest (however described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law; or
- (4) as specified in Section 276(7) of the SFA.

### **General**

Each Dealer has acknowledged no representation has been made by the Issuer or any other Dealer that any action has been taken in any jurisdiction by the Issuer or any Dealer that would permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Dealer has agreed that it will, to the best of its knowledge and belief, comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus or any other offering material, in all cases at its own expense.

## General Information

1. The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that admission of the Notes to the Official List and admission of the Notes to trading on the Market will be granted on or around 4th July 2012, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
2. The amendment and restatement of the Programme was authorised by a resolution of the Management Board of UBI Banca passed on 3rd May 2012.
3. There has been no significant change in the financial or trading position of the UBI Banca Group since 31st March 2012 and no material adverse change in the prospects of UBI Banca since 31st December 2011.
4. Neither UBI Banca nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which UBI Banca is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of UBI Banca or the UBI Banca Group.
5. Each Bearer Note having a maturity of more than one year, and each Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."
6. Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.
7. The address of Euroclear Bank is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any other applicable clearing system will be set out in the relevant Final Terms.
8. The issue price and the amount of the relevant Notes will be determined at the time of the offering of each Tranche based on then prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issue of Notes.
9. For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available (in English translation where necessary) during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified office of the Paying Agent in London:
  - (i) the Trust Deed (which includes the forms of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);
  - (ii) the Programme Agreement;
  - (iii) the Agency Agreement;
  - (iv) the By-Laws (*Statuto*) of UBI Banca with certified English translation;
  - (v) the audited consolidated financial statements of UBI Banca for the financial years ended 31st December 2010 and 31st December 2011;
  - (vi) the unaudited quarterly consolidated financial statements of UBI Banca for the three months ended 31st March 2012;
  - (vii) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity); and
  - (viii) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus.

10. KPMG S.p.A. were the auditors of UBI Banca for the period 2007-2011 and are registered in the Special Register (*Albo Speciale*) maintained by CONSOB and set out in Article 161 of the Unified Text of the Rules for the Capital Markets (*Testo Unico delle Disposizioni in materia di mercati finanziari*) and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree 27th January 1992, No. 88. KPMG S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms. The offices of KPMG S.p.A. are located at Via Vittor Pisani, 25, Milan, 20124, Italy. KPMG S.p.A. audited and rendered unqualified audit reports on the consolidated financial statements of UBI Banca for the years ended 31st December 2010 and 2011, respectively.

On 30th April 2011 the shareholders' meeting of UBI resolved to appoint Deloitte & Touche S.p.A. as the auditors of UBI Banca for the period 2012 to 2020, pursuant to article 13, first paragraph and 17, first paragraph, of Legislative Decree No. 39 of 2010. Deloitte & Touche S.p.A., with registered office at Via Tortona n. 25, Milan, Italy, are registered with the Register of Accountancy Auditors (*Registro dei Revisori Contabili*) as set out in Article 161 of Decree No. 58.

**REGISTERED OFFICE OF  
UNIONE DI BANCHE ITALIANE S.C.P.A.**

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**ARRANGER**

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**DEALERS**

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