

### 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 Investment Services Directive 93/22/EC. 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 9) 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"). 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. If the Global Notes are stated in the applicable Final Terms to be issued in new global note form ("NGN") form they are intended to be eligible collateral for Eurosystem monetary policy and 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"). Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") and Certificates 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".

Tranches of Notes (as defined in "Overview of the Programme") may be rated or unrated. Where a Tranche of Notes is rated, the rating assigned will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

As more fully set out in "Taxation — Italian Taxation" on page 63, payments of interest, premium or other amounts relating to Notes qualifying as bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) having a maturity of at least 18 months, are subject in principle to a 12.5% substitutive tax (referred to as the *imposta sostitutiva*), in certain circumstances.

In order to obtain an exemption from the *imposta sostitutiva* in respect of payments of interest, premium or other amounts relating to the Notes, each Noteholder not resident in the Republic of Italy is required to certify that such Noteholder is deemed to be resident in a country which allows for a satisfactory exchange of information, and the beneficial owner of payments of interest, premium or other amounts relating to the Notes, all as more fully set out in "Taxation — Italian Taxation".

Notes with an original maturity of less than 18 months or qualifying as atypical securities (*titoli atipici*) are subject to a withholding tax at the rate of 27% per annum in respect of interest and premium (if any). The Issuer will not be liable to pay any additional amounts to Noteholders in relation to any such withholding.

Arranger

**JPMorgan**

Dealers

**ABN AMRO**

**Banca IMI**

**Barclays Capital**

**CALYON Corporate and Investment Bank**

**Citi**

**DBS Bank Ltd.**

**Dexia Capital Markets**

**HSBC**

**JPMorgan**

**Mediobanca**

**Morgan Stanley**

**Nomura International**

**UBS Investment Bank**

**Banc of America Securities Limited**

**Banco Bilbao Vizcaya Argentaria S.A.**

**BNP PARIBAS**

**Centrobanca**

**Credit Suisse**

**Deutsche Bank**

**Goldman Sachs International**

**ING Wholesale Banking**

**Lehman Brothers**

**Merrill Lynch International**

**MPS Finance B.M.**

**Société Générale Corporate & Investment Banking**

**UniCredit Group (HVB)**

*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 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, 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".*

*The Arranger and the Dealers have not separately verified the information contained in this Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the 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, "dollars" are to the currency of the United States of America and all references to "euro" and "Euro" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.*

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

*In connection with any Tranche of 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 a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of 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 persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.*

### **Certain Definitions**

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

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

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## Documents Incorporated by Reference

This Prospectus should be read and construed in conjunction with the audited consolidated financial statements of BPU and Banca Lombarda for the financial years ended 31st December 2005 and 2006, respectively (together in each case with the audit report thereon), which have been previously published or are published simultaneously with this Prospectus and which have been approved by the Financial Services Authority or filed with it. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document 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.

Copies of documents 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 audited consolidated financial statements of BPU and Banca Lombarda for the financial years ended 31st December 2005 and 2006, respectively, together 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 audited consolidated financial statements of BPU and Banca Lombarda for the financial years ended 31st December 2005 and 2006, respectively, which are incorporated in and form part of this Prospectus. Any information not listed in the cross reference table below but included in the publication in which documents incorporated by reference appear, does not form part of this Prospectus, and should be read for information purposes only.

### **Audited consolidated financial statements of BPU for the year ended 31st December 2005**

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Independent Auditors' Report . . . . .	Pages 155-157
Consolidated Balance Sheet as at 31st December 2004 and 2005 . . . . .	Pages 160-161
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### **Audited consolidated financial statements of BPU for the year ended 31st December 2006**

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**Audited consolidated financial statements of Banca Lombarda for the year ended  
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## Supplementary Prospectuses

If at any time the Issuer shall be required to prepare supplementary prospectuses 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, mistake or material 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 supplement hereto 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	<p>ABN AMRO Bank N.V.            Banc of America Securities Limited            Banca IMI S.p.A.            Banco Bilbao Vizcaya Argentaria S.A.            Barclays Bank PLC            Bayerische Hypo- und Vereinsbank AG            BNP Paribas            CALYON            Centrobanca — Banca di Credito Finanziario e Mobiliare S.p.A.            Citigroup Global Markets Limited            Credit Suisse Securities (Europe) Limited            DBS Bank Ltd.            Deutsche Bank AG, London Branch            Dexia Banque Internationale à Luxembourg, société anonyme acting under the name Dexia Capital Markets            Goldman Sachs International            HSBC Bank plc            ING Bank N.V.            J.P. Morgan Securities Ltd.            Lehman Brothers International (Europe)            Mediobanca — Banca di Credito Finanziario S.p.A.            Merrill Lynch International            Morgan Stanley &amp; Co. International plc            MPS Finance Banca Mobiliare S.p.A.            Nomura International plc            Société Générale            UBS Limited</p> <p>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.</p>
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent	Citibank, N.A.
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. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “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 intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note 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 not intended to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or 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 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 (iii) Tier III Subordinated Notes will have a maturity of not less than two years.
Denomination	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 €50,000 (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).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	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.
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Dual Currency Notes	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.
Index Linked Notes	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.
Variable Coupon Amount Notes	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.
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	Tranches of Notes may be rated or unrated. Where a Tranche of Notes is rated, the rating assigned will be specified in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
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>
Optional Redemption	<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, Lower Tier II Subordinated Notes may not be repaid (other than for taxation reasons (subject to the prior approval of the Bank of Italy) or</p>

	<p>following an Event of Default) 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 in any case subject always to the prior consent of the Bank of Italy and Tier III Subordinated Notes may not be repaid prior to two years from the relevant Issue Date.</p>
Status of Notes	<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>
Loss Absorption on Upper Tier II Subordinated Notes	<p>To the extent that BPU 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>
Deferral of Interest on Upper Tier II Subordinated Notes	<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	<p>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.</p>
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, within, 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(c), 3(d) and 3(e) 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, European Economic Area (in respect of Notes having a denomination of less than €50,000 (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, as amended.</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. 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.</p>

## 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**

#### *Credit, market and operational risks*

The Group is primarily exposed to credit risk and moderate market risk. Operational risks, as in any other business, are inherent to the overall process. These risks are addressed by the Issuer's risk management procedures and its constant measurement and oversight of risk exposure.

#### *Reduced interest rate margin*

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.

#### *Reliance on primary geographic markets*

Although the Group has a widespread geographic distribution of over 1,974 branches (as at 31st March 2007), over 65% 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.

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

#### *Notes may not be a suitable investment for all investors*

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.

#### *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.

#### *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.

#### *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.

### **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 €50,000*

In relation to any issue of Notes which have a denomination consisting of the minimum Specified Denomination of €50,000 plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €50,000 (or its equivalent) that are not integral multiples of €50,000 (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.

### **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.

#### *Interest rate risks*

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

#### *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.

#### *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, from 1st July 2005, 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 an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments deducting tax at rates raising over time to 35% (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date.

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. However, if a withholding tax is imposed on payment made by a Paying Agent, the Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

## Terms and Conditions of the Notes

*The following is the text of the terms and conditions that, save for the 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 November 2006 as supplemented by a Supplemental Trust Deed dated 2 July 2007 (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 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 November 2006 as supplemented by a Supplemental Agency Agreement dated 2 July 2007 (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 as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the 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 2 July 2007 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 €50,000 (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 transferor Exercise Notice as defined in

Condition 5(e) 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 (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 (*Passivita Subordinate*, as defined in the Bank of Italy regulations (*Istruzioni di Vigilanza della Banca d'Italia*) (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 or winding-up of UBI Banca, 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 or in the event that UBI Banca becomes subject to an order for *Liquidazione Coatta Amministrativa* 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 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 UBI Banca becomes subject to a liquidation order.

(c) Tier III Subordinated Notes (*Prestiti Subordinati 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 or winding-up of UBI Banca, 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 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) In this Condition "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.



#### 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/365” 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/360” is specified in the relevant Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) 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 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified in the relevant Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (vi) if “Actual/Actual — ICMA” is specified hereon, (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.

“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 establishing the European Community, 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 (TARGET) System 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 subparagraph (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 or the relevant Instalment Date (being one of the dates so specified in the relevant Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(e) or 5(f), 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 or its maturity is extended pursuant to any Issuer's or Noteholders' option in accordance with Condition 5(e) or 5(f), 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, such consent being dependent on the Issuer satisfying the capital adequacy requirements of the Bank of Italy applicable at that time to Italian Banks) 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.

(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 Condition 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, 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. Before the publication of any notice of redemption pursuant to this paragraph, 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 (f) 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, in an amount of more than 10% of the principal amount of such Subordinated Notes issued as a Series of Notes under the Programme, the prior written consent of the Bank of Italy has been obtained.

*(i) Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries either (i) shall 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, maybe held or resold 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, 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 (vi), (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 Community 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) 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 establishing the European Community, as amended from time to time.
- (ii) Notes denominated in a currency that may be converted into Euro, may be subject to redenomination, renominalisation 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, within, 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 Presidential Decree No. 600 of 29th September 1973 as amended from time to time; or
- (d) 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
- (e) where such withholding or deduction is imposed pursuant to any legislative decrees implementing Law No. 80 of 7th April 2003; or
- (f) in respect of any Note, Receipt or Coupon where such withholding or deduction is imposed on a payment to an individual 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 Community in connection with such Directive; or (iii) any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (g) 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", "Receipholders" 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, Receipholders 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.

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 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 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 8HA 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 are stated in the applicable Final Terms to be issued in NGN form, they are intended to be eligible collateral for Eurosystem monetary policy and the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Notes 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 Certificates 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 an 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.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. Noteholders who hold Notes in the relevant clearing system in amounts that are not



integral multiples of a Specified Denomination may need to purchase or sell, on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

## **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.

## **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 CGNs represented by a Global Note 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(g) will apply to the Definitive Notes only. If the Global Note is a NGN, 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 will be reduced accordingly. Payments under the 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.

### **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, 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.

## Summary Consolidated Financial Information

The merger by incorporation of Banca Lombarda into BPU became effective on 1st April 2007 and from that date BPU adopted a new name, Unione di Banche Italiane S.c.p.a ("UBI Banca").

The first set of accounts pertaining to UBI Banca as a merged entity will be available as of 30th June 2007 and will be subject to a limited review by UBI Banca's independent auditors.

Until such date, official accounts will refer to the original BPU and Banca Lombarda Groups. A pro-forma set of accounts is presented in this Prospectus to illustrate UBI Banca, the combined entity; these pro-forma accounts are unaudited and present certain limitations, which are set out below.

As a consequence of the above, financial information provided in this document for the two years ended 31st December 2005 and 2006 is extracted from the audited consolidated annual reports of BPU and Banca Lombarda, prepared in compliance with IFRS accounting principles. These reports are incorporated by reference in this Prospectus and the financial information provided should be read in conjunction with, and is qualified in its entirety by, reference to the above mentioned annual reports.

In the case of BPU, in order to allow a uniform comparison with the figures as at 31st December 2006, the balance sheet and income statement figures as at 31st December 2005 have been appropriately adjusted:

- to take account of the classification of balance sheet and income statement items for Bergamo Esattorie and Ancona Tributi (sold in 2006) under the "non current assets/liabilities held for disposal" and "after tax profit/loss of non current assets held for sale" items respectively; and
- by applying IFRS 5 and the provisions of Bank of Italy circular No. 262 of 22nd December 2005, the profit on the disposal of Carifano (sold in 2005) was reclassified from the item "profit/loss on disposal of equity investments" to item "after tax profit/loss of non current assets held for sale".

### EXPLANATORY NOTES TO UBI BANCA'S PRO-FORMA FIGURES

The financial statements of UBI Banca were obtained by aggregating the consolidated figures for the BPU Group and the Banca Lombarda Group for the year ended 31st December 2006, as though the UBI Banca Group were in existence at such date.

The annual financial statements were prepared in compliance with IFRS. Although the accounting policies followed by the two merging entities are basically the same, there are some differences attributable to alternative accounting treatments allowed by the IFRS. It was nevertheless felt that these differences were not sufficient to impair the significance of the pro-forma figures and, in view of this, they were not taken into account when preparing the pro-forma figures, except in relation to staff severance payments and buildings. The accounting policies used by BPU were applied in these instances.

The most significant reciprocal balance sheet and income statement items relating to the BPU Group and the Banca Lombarda Group, consisting of amounts due to and from banks and customers and interest, were eliminated on the basis of the principles commonly followed for the preparation of consolidated accounts.

The preliminary cost of the merger, consisting of the fair value of the new BPU shares issued (i.e. the market quotation of the shares on 15th March 2007) was compared with the consolidated shareholder equity of the Banca Lombarda Group as at 31st December 2006. Account was also taken of merger costs of EUR 9,673,000, recognised as at 31st December 2006 by BPU.

At present the consolidation difference has not been allocated because, according to the provisions of IFRS 3, the fair value of the net assets to be allocated will have to be identified as at the date on which the merger took effect (i.e. 1st April 2007) and the cost of the merger allocated accordingly, with any surplus being recognised as "goodwill".

The pro-forma figures have been prepared for illustrative purposes only, as financial information relating to UBI Banca as a merged entity will not be available until 30th June 2007. By their nature, the pro-forma figures address a hypothetical situation and do not represent UBI Banca's actual financial position or results. If the merger of Banca Lombarda into BPU had actually taken place on 31st December 2006, the accounting figures would not necessarily have been the same as the pro-forma figures.

The pro-forma figures are intended to reflect the effect of the merger, using consistent accounting policies, on the consolidated balance sheet of the UBI Banca Group as if the merger had occurred on 31 December 2006. For this reason, the pro-forma figures show solely the objectively measurable effects of the merger and do not take into consideration future aspects.

## Consolidated Balance Sheets

As at 31st December 2006 and 2005:

	BPU		Banca Lombarda		Merger entries and adjustment	Intragroup	UBI Banca* As at 31st December
	As at 31st December		As at 31st December				
	2006	2005	2006	2005	2006	2006	2006
	<i>(audited)</i>		<i>(audited)</i>				<i>(unaudited)</i>
	<i>(thousands of euro)</i>		<i>(thousands of euro)</i>				<i>(thousands of euro)</i>
<b>Consolidated assets</b>							
Cash and cash equivalents . . . . .	405,097	373,734	181,702	146,839			586,799
Financial assets held for trading . . . . .	3,121,981	2,208,420	3,070,064	3,019,270			6,192,044
Financial assets at fair value . . . . .	5,352,617	5,158,686	—	—			5,352,617
Available-for-sale financial assets . . . . .	3,603,586	3,721,162	1,100,126	843,338			4,703,712
Held-to-maturity financial assets . . . . .	1,247,629	1,061,634	9,243	21,567			1,256,872
Loans to banks . . . . .	2,340,674	3,331,015	1,891,704	3,076,529		(3,159)	4,229,219
Loans to customers . . . . .	52,673,941	47,460,761	30,575,913	28,229,071		(187,003)	83,062,851
Hedging derivatives . . . . .	82,879	205,256	359,993	505,613			442,872
Fair value change of hedged financial assets (+/-) . . . . .	2,044	29,331	—	—			2,044
Equity investments . . . . .	60,043	32,859	83,170	62,800			143,213
Technical reserves of reinsurers . . . . .	105,726	104,146	—	—			105,726
Tangible assets . . . . .	1,347,577	1,377,538	719,031	756,900	3,652		2,070,260
Intangible assets . . . . .	1,273,086	1,238,995	738,493	712,085			2,011,579
Merger differences . . . . .	—	—	—	—	3,079,142		3,079,142
Tax assets . . . . .	779,903	706,822	421,070	375,630	786		1,201,759
(a) current . . . . .	377,507	294,217	276,345	260,266			—
(b) prepaid . . . . .	402,396	412,605	144,725	115,364			—
Non current assets and disposal groups held for sale . . . . .	85,678	298	12,723	6,921			98,401
Other assets . . . . .	1,792,565	1,852,977	585,963	611,762	(9,673)		2,368,856
<b>Total assets</b> . . . . .	<b>74,275,026</b>	<b>68,863,634</b>	<b>39,749,195</b>	<b>38,368,325</b>	<b>3,073,907</b>	<b>(190,162)</b>	<b>116,907,966</b>
<b>Liabilities</b>							
Due to banks . . . . .	6,278,330	6,366,914	2,928,127	3,464,625		(190,160)	9,016,297
Due to customers . . . . .	31,707,288	29,443,712	16,668,824	15,885,553		(2)	48,376,110
Securities issued . . . . .	24,190,085	20,925,250	13,926,832	13,024,134			38,116,917
Financial liabilities held for trading and valued at fair value . . . . .	495,114	348,941	533,416	1,242,149			1,028,530
Hedging derivatives . . . . .	357,625	321,093	50,170	16,297			407,795
Tax liabilities . . . . .	637,975	622,277	449,919	342,210	1,388		1,089,282
(a) current taxes . . . . .	361,181	388,078	267,262	213,763			—
(b) deferred taxes . . . . .	276,794	234,199	182,657	128,447			—
Liabilities associated with disposal groups held for sale . . . . .	119,648	8	—	—			119,648
Other liabilities . . . . .	1,931,176	2,780,199	1,479,179	1,431,693			3,410,357
Staff severance payments . . . . .	342,506	350,052	177,672	195,161	2,068		522,246
Provisions for liabilities and charges: (a) pension and similar obligations . . . . .	231,736	331,781	99,435	89,972			331,171
(b) other provisions . . . . .	64,036	163,138	25,831	28,177			89,867
Technical reserves . . . . .	167,700	168,643	73,604	61,795			241,304
Capital, issue premiums and reserves . . . . .	2,532,321	2,247,693	—	—			2,532,321
Minority interests . . . . .	4,392,169	4,028,196	2,689,460	1,993,380	3,068,187		10,149,814
Profit (loss) for the year . . . . .	418,274	416,658	437,974	444,167	384		856,632
	640,779	680,860	308,187	238,984	1,880		950,846
<b>Total liabilities</b> . . . . .	<b>74,275,026</b>	<b>68,863,634</b>	<b>39,749,195</b>	<b>38,368,325</b>	<b>3,073,907</b>	<b>(190,162)</b>	<b>116,907,966</b>

\* These are unaudited pro-forma figures. Please refer to the section entitled "Explanatory Notes to UBI Banca's pro-forma figures" on page 43.

## Consolidated Profit and Loss Accounts

For the years ended 31st December 2006 and 2005:

	BPU		Banca Lombarda		Merger entries and adjustment	Intragroup	UBI Banca*
	Year ended 31st December		Year ended 31st December				Year ended 31st December
	2006	2005	2006	2005	2006	2006	2006
	<i>(audited)</i>		<i>(audited)</i>				<i>(unaudited)</i>
	<i>(thousands of euro)</i>		<i>(thousands of euro)</i>				<i>(thousands of euro)</i>
Interest and similar income . . . . .	2,921,223	2,508,452	1,649,986	1,403,518		(4,271)	4,566,938
Interest expense and similar expense . . . . .	(1,216,796)	(890,010)	(755,080)	(601,734)		4,271	(1,967,605)
<b>Net interest income</b> . . . . .	<b>1,704,427</b>	<b>1,618,442</b>	<b>894,906</b>	<b>801,784</b>	<b>—</b>	<b>—</b>	<b>2,599,333</b>
Commission income . . . . .	966,961	945,610	570,627	551,634			1,537,587
Commission expenses . . . . .	(134,396)	(127,486)	(87,458)	(74,383)			(221,854)
<b>Net commission income</b> . . . . .	<b>832,565</b>	<b>818,124</b>	<b>483,169</b>	<b>477,251</b>	<b>—</b>	<b>—</b>	<b>1,315,733</b>
Dividend and similar income . . . . .	14,869	10,183	35,805	19,690			50,674
Net profit (loss) on trading . . . . .	40,619	90,445	64,324	64,044			104,943
Net profit (loss) on hedging activity . . . . .	6,959	3,613	2,566	1,226			9,525
Net profit (loss) on the repurchase of:	116,653	91,301	4,210	5,576			120,862
(a) loans and receivables . . . . .	30,582	57,908	(382)	(594)			30,200
(b) financial assets available for sale . . . . .	83,852	33,224	1,249	7,139			85,101
(c) financial assets held to maturity . . . . .	—	—	—	—			—
(d) financial liabilities . . . . .	2,219	169	3,343	(969)			5,561
Net profit (loss) on financial assets held at fair value . . . . .	—	—	—	—			—
<b>Gross income</b> . . . . .	<b>2,716,092</b>	<b>2,632,308</b>	<b>1,484,980</b>	<b>1,369,571</b>	<b>—</b>	<b>—</b>	<b>4,201,070</b>
Net impairment losses on:	(151,505)	(213,503)	(96,004)	(103,041)			(247,508)
(a) loans and receivables . . . . .	(155,949)	(212,148)	(93,083)	(75,225)			(249,032)
(b) financial assets available for sale . . . . .	(1,059)	(75)	(915)	(24,208)			(1,973)
(c) financial assets held to maturity . . . . .	—	—	—	—			—
(d) financial liabilities . . . . .	5,503	(1,280)	(2,006)	(3,608)			3,497
<b>Net financial operating income</b> . . . . .	<b>2,564,587</b>	<b>2,418,605</b>	<b>1,388,976</b>	<b>1,266,530</b>	<b>—</b>	<b>—</b>	<b>3,953,562</b>
Net premiums . . . . .	482,451	476,359	—	—			482,451
Other net profit (loss) on insurance operations . . . . .	(509,906)	(494,679)	—	—			(509,906)
<b>Net income from financial and insurance operations</b> . . . . .	<b>2,537,132</b>	<b>2,400,285</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,926,107</b>
Administrative expenses . . . . .	(1,556,482)	(1,544,188)	(877,372)	(842,014)			(2,433,853)
(a) staff costs . . . . .	(1,022,078)	(1,027,757)	(507,741)	(505,983)			(1,529,818)
(b) other administrative expenses . . . . .	(534,404)	(516,431)	(369,631)	(336,031)			(904,035)
Net provisions for liabilities and charges . . . . .	12,641	(34,603)	(25,321)	(15,656)			(12,680)
Value adjustments to tangible assets . . . . .	(81,605)	(76,941)	(34,163)	(34,649)	3,652	—	(112,116)
Value adjustments to intangible assets . . . . .	(31,626)	(26,296)	(27,219)	(32,786)			(58,844)
Other operating income (expense) . . . . .	150,730	166,114	158,534	128,773			309,263
<b>Operating costs</b> . . . . .	<b>(1,506,342)</b>	<b>(1,515,914)</b>	<b>(805,541)</b>	<b>(796,332)</b>	<b>3,652</b>	<b>—</b>	<b>(2,308,230)</b>
Profits (losses) on equity investments . . . . .	8,866	12,015	8,138	8,539			17,004
Valuation differences on fixed assets and intangibles designated at fair value through profit and loss . . . . .	—	—	—	—			—
Net value adjustments to goodwill . . . . .	—	—	—	—			—
Profit (losses) on disposal of investments . . . . .	61,122	118,941	2,095	853			63,217
<b>Profit (loss) on continuing operations before tax</b> . . . . .	<b>1,100,778</b>	<b>1,015,327</b>	<b>593,668</b>	<b>479,590</b>	<b>3,652</b>	<b>—</b>	<b>1,698,098</b>
Taxes on income for the period for continuing operations . . . . .	(420,872)	(397,797)	(247,712)	(203,082)	(1,388)	—	(669,972)
After tax profit (loss) on continuing operations . . . . .	679,906	617,530	345,956	276,508			1,028,126
Profit (loss) on non-current assets held for sale and discontinued operations . . . . .	5,453	107,064	6,078	7,801	2,264	—	11,531
<b>Profit (loss) for the period</b> . . . . .	<b>685,359</b>	<b>724,594</b>	<b>352,034</b>	<b>284,309</b>	<b>2,264</b>	<b>—</b>	<b>1,039,657</b>
Profit (loss) for the period attributable to minority interests . . . . .	(44,580)	(43,734)	(43,847)	(45,325)	(384)	—	(88,811)
<b>Profit (loss) for the period attributable to the parent bank</b> . . . . .	<b>640,779</b>	<b>680,860</b>	<b>308,187</b>	<b>238,984</b>	<b>1,880</b>	<b>—</b>	<b>950,846</b>

\* These are unaudited pro-forma figures. Please refer to the section entitled "Explanatory Notes to UBI Banca's pro-forma figures" on page 43.

## Ratios

	BPU		Banca Lombarda		UBI Banca*
	Year ended 31st December		Year ended 31st December		Year ended
	2006	2005	2006	2005	31st December
	<i>(audited)</i>		<i>(audited)</i>		<i>(unaudited)</i>
	%		%		%
<b>Risk Ratios</b>					
Net bad and doubtful loans/total loans . . . . .	0.66	0.95	0.73	0.80	0.69
Net impairment losses / total loans . . . . .	0.29	0.47	0.30	0.27	0.29
<b>Structural Ratios</b>					
Customer lending/customer funding . . . . .	95.3	95.3	99.94	97.65	96.7
Customer funding/total liabilities . . . . .	74.4	72.1	76.97	75.35	73.94
Customer lending/total assets . . . . .	70.9	68.7	76.92	73.57	71.01
<b>Profit ratios</b>					
Interest margin/total assets . . . . .	2.29	2.35	2.25	2.09	2.22
Return on equity (profit for the period/net worth excluding profit for the period) net of merger differences . . . . .	14.6	16.9	12.2	12.0	11.9
Return on assets . . . . .	0.9	1.0	0.78	0.62	0.81
Gross profit from continuing operations/total assets	1.48	1.47	1.49	1.25	1.45
Gross profit from continuing operations/equity . . . .	25.06	25.21	22.07	24.1	16.73
<b>Capital ratios</b>					
Core Tier 1 . . . . .	5.87	6.24	5.95	5.25	Approx. 6.4
Tier 1 . . . . .	6.58	7.03	6.45	5.79	Approx. 7
Total capital ratio . . . . .	9.85	10.26	10.08	9.71	Higher than 10

\* These are unaudited pro-forma figures. Please refer to the section entitled "Explanatory Notes to UBI Banca's pro-forma figures" on page 43.



## **Lending** (*consolidated*)

### *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.

### *Bad loans*

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

### *Loans past due*

Loans past due include loans in respect of which repayment is in arrears by more than 90 days for Category 1 loans or 180 days for Category 2 loans. The payment default must be continuous.

The following table shows a breakdown of the BPU, Banca Lombarda and UBI Banca Groups' respective impaired loans, bad loans, restructured loans, country risk loans and total loans as at 31st December 2006 and 2005 (in respect of BPU and Banca Lombarda) and 31st December 2006 (in respect of UBI Banca Group).

	BPU		Banca Lombarda		UBI Banca*
	Year ended 31st December		Year ended 31st December		Year ended
	2006	2005	2006	2005	2006
	<i>(audited)</i>		<i>(audited)</i>		<i>(unaudited)</i>
	<i>Thousands of euro (except as noted)</i>				
<b>Risk loans to total loans</b>					
Impaired loans . . . . .	452,747	508,842	271,996	289,669	724,743
Bad loans . . . . .	347,720	451,568	224,631	225,436	572,351
Restructured loans . . . . .	32,986	28,573	40,547	49,828	73,533
Past due . . . . .	129,187	368,096	17,612	25,481	146,799
"Country risk" loans . . . . .	9,583	11,240	573	91	10,156
Total loans . . . . .	<u>52,673,941</u>	<u>47,460,761</u>	<u>30,575,913</u>	<u>28,229,071</u>	<u>83,062,851</u>
Aggregate of impaired, bad, restructured, past due and country risk loans as a percentage of total loans (%) . . . . .	1.85%	2.89%	1.82%	2.09%	1.84%
<b>Impaired loans</b>					
Nominal value of impaired loans . . . . .	559,988	667,340	327,116	353,283	887,104
Provisions . . . . .	(107,241)	158,498	(55,120)	(63,614)	(162,361)
Net value of impaired loans . . . . .	<u>452,747</u>	<u>508,842</u>	<u>271,996</u>	<u>289,669</u>	<u>724,743</u>
Percentage of total loans represented by net value of impaired loans (%) . . . . .	0.86%	1.08%	0.89%	1.03%	0.87%
<b>Bad loans</b>					
Nominal value of bad loans . . . . .	825,646	1,058,117	506,120	483,955	1,331,766
Provisions . . . . .	(477,926)	(606,549)	(281,489)	(258,519)	(759,415)
Net value of bad loans . . . . .	<u>347,720</u>	<u>451,568</u>	<u>224,631</u>	<u>225,436</u>	<u>572,351</u>
Percentage of total loans represented by net value of bad loans (%) . . . . .	0.66%	0.95%	0.73%	0.80%	0.69%
<b>Restructured loans</b>					
Nominal value of restructured loans . . . . .	47,991	40,734	44,634	55,176	92,625
Provisions . . . . .	(15,005)	(12,161)	(4,087)	(5,348)	(19,092)
Net value of restructured loans . . . . .	<u>32,986</u>	<u>28,573</u>	<u>40,547</u>	<u>49,828</u>	<u>73,533</u>
Percentage of total loans represented by net value of restructured loans (%) . . . . .	0.06%	0.06%	0.13%	0.18%	0.09%
<b>Past due loans</b>					
Nominal value of past due loans . . . . .	134,736	373,414	21,440	26,182	156,176
Provisions . . . . .	(5,549)	(5,318)	(3,828)	(701)	(9,377)
Net value of past due loans . . . . .	<u>129,187</u>	<u>368,096</u>	<u>17,612</u>	<u>25,481</u>	<u>146,799</u>
Percentage of total loans represented by net value of restructured loans (%) . . . . .	0.25%	0.78%	0.06%	0.09%	0.18%
<b>"Country risk" loans</b>					
Nominal value of country risk loans . . . . .	9,727	11,463	596	123	10,323
Provisions . . . . .	(144)	(223)	(23)	(32)	(167)
Net value of country risk loans . . . . .	<u>9,583</u>	<u>11,240</u>	<u>573</u>	<u>91</u>	<u>10,156</u>
Percentage of total loans represented by net value of country risk loans (%) . . . . .	0.02%	0.02%	0.00%	0.00%	0.01%

\* These are unaudited pro-forma figures. Please refer to the section entitled "Explanatory Notes to UBI Banca's pro-forma figures" on page 43.

## Funding

The following table presents the sources of the BPU, Banca Lombarda and UBI Banca Groups' funding, respectively, from customers as at 31st December 2006 and 2005 (in respect of BPU and Banca Lombarda) and 31st December 2006 (in respect of UBI Banca Group).

	BPU		Banca Lombarda		UBI Banca*
	Year ended 31st December		Year ended 31st December		Year ended 31st December
	2006	2005	2006	2005	2006
	<i>(audited)</i>		<i>(audited)</i>		<i>(unaudited)</i>
	<i>(thousands of euro)</i>		<i>(thousands of euro)</i>		<i>(thousands of euro)</i>
Amounts owed to customers . . . . .	31,092,328	28,716,895	16,668,824	15,885,553	47,761,150
Debt securities issued . . . . .	24,190,085	20,925,250	13,926,832	13,024,134	38,116,917
<b>Total</b> . . . . .	<b>55,282,413</b>	<b>49,642,145</b>	<b>30,595,656</b>	<b>28,909,687</b>	<b>85,878,067</b>

## Financial Risk Management

The book value of securities portfolios of the BPU Group and the Banca Lombarda Group as at 30th December 2006 amounted to €13.4 billion and €4.5 billion respectively. The assets in such securities portfolio have been classified into IFRS categories as follows:

BPU	As at 31st December	As at 31st December
	2006	2005
	<i>(audited)</i>	<i>(audited)</i>
	<i>thousands of euro</i>	<i>thousands of euro</i>
Financial assets held for trading . . . . .	3,121,981	2,208,420
Financial assets at fair value . . . . .	5,352,617	5,158,686
Financial assets available for Sale . . . . .	3,603,586	3,721,162
Financial assets held to maturity . . . . .	1,247,629	1,061,634
Hedging derivatives . . . . .	82,879	205,256
<b>Total</b> . . . . .	<b>13,408,692</b>	<b>12,355,158</b>

Banca Lombarda	As at 31st December	As at 31st December
	2006	2005
	<i>(audited)</i>	<i>(audited)</i>
	<i>thousands of euro</i>	<i>thousands of euro</i>
Financial assets held for trading . . . . .	3,070,064	3,019,270
Financial assets available for sale . . . . .	1,100,126	843,338
Financial assets held to maturity . . . . .	9,243	21,567
Hedging derivatives . . . . .	359,993	505,613
<b>Total</b> . . . . .	<b>4,539,426</b>	<b>4,389,788</b>

\* These are unaudited pro-forma figures. Please refer to the section entitled "Explanatory Notes to UBI Banca's pro-forma figures" on page 43.

## 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 its telephone number is +39 035392217. UBI Banca's fiscal code, VAT number and registration number in the Company Registry of Bergamo is 03053920165. UBI Banca is registered under number 5559 in the Bank of Italy's Bank Registry and under number 5026 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.

### Overview of the Merger

#### *Reasons for the Merger*

The rationale for the Merger may be summarised as follows:

- the formation of a new banking group capable of competing with top Italian banking groups and equipped with development potential at an international level, characterised by co-operative banking status and a federal model capable of exploiting the distribution strength of the UBI Banca Group's network banks, whilst safeguarding brand identities and territorial roots;
- the exploitation of the product development units of BPU and Banca Lombarda, through partnerships with major international operators, in order to:
  - gain access to a broader customer base that is more widely distributed across Italy;
  - internalise the margins in those sectors where one of the two predecessor banking groups was not present (factoring for BPU; Corporate & Investment Banking, *Cessione del Quinto* (loans secured by one-fifth of salary) and Non-life *banc assurance* for Banca Lombarda);
  - provide customers with a service level that distinguishes the new banking group on the market; and
- the opportunity to achieve rapidly economies of scale, leveraging the experience of the management of the banking groups formerly headed by BPU and Banca Lombarda (the "BPU Group" and the "Banca Lombarda Group", respectively) in handling integration processes, in order to:
  - maximise the synergy potential of the Merger;
  - improve the overall cost income ratio of the UBI Banca Group and increase profitability; and
  - integrate control over financial, credit and operational risks.

#### *The UBI Banca Group*

The Merger has brought BPU and Banca Lombarda together in a single listed company able to formulate strategic policies and exercise control over all divisions and entities within the UBI Banca Group. The network banks will, however, maintain their operational autonomy and presence in traditional markets, as the UBI Banca Group has adopted a federal organisational model where several operationally autonomous banking, financial and insurance companies will implement a single strategic plan.

The aggregate figures of BPU and Banca Lombarda as at 31st December 2006 were as follows:

- a network of approximately 1,970 branches (the fourth largest network in Italy with a domestic market share of approximately 6.3 per cent.);
- approximately 22,000 employees;
- more than 4 million customers;
- direct funding from customers of approximately €83 billion (on the basis of which, the merged entity constituted the fifth largest bank in Italy and ranking first among the co-operative banks);
- loans to customers of approximately €86 billion (ranking fifth in Italy and first among Italian co-operative banks);
- assets under management of over €55 billion (ranking third in Italy and first among Italian co-operative banks); and
- total assets of approximately €117 billion (sixth in Italy and ranking second among Italian co-operative banks).

In terms of distribution structure, as a result of the Merger the UBI Banca Group has:

- a strong presence in the wealthiest regions of Italy, namely Lombardy (over 930 branches with a 15.4 per cent. market share), Piedmont (approximately 220 branches with an 8.6 per cent. market share) and Marche (approximately 110 branches with a 9.8 per cent. market share);
- leadership in the reference provinces with a market share greater than 25 per cent.: Bergamo (approximately 180 branches with a 26.5 per cent. market share), Brescia (approximately 250 branches with a 29.5 per cent. market share), Varese (approximately 130 branches with a 29.6 per cent. market share) and Cuneo (approximately 130 branches with a 25.9 per cent. market share);
- a market share greater than 10 per cent. in 21 provinces: aside from the four provinces indicated above, Milan (the 10.1 per cent. share of the UBI Banca Group is particularly significant in this market), Pavia, Alessandria, Ancona, Macerata, Viterbo, Crotone, Bari, Cosenza, Reggio Calabria, Matera, Potenza, Catanzaro, Vibo Valentia, Brindisi, Foggia and Taranto; and
- no significant territorial overlap.

### **The Parent Bank**

The role of UBI Banca, a listed bank with co-operative status, within the UBI Banca Group is as follows:

- the management, co-ordination and control of the UBI Banca Group. UBI Banca identifies the strategic objectives of the UBI Banca Group, determines its common business model principally through the industrial plan and budget and, together with the senior management of the companies in the UBI Banca Group, defines the strategic development objectives of those companies. UBI Banca also verifies the setting of strategic guidelines and policies and supervises the different components of risk that originate in the different business areas in which the UBI Banca Group operates;
- 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.

### **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. As a consequence, it is necessary to enhance the identities and brand names of individual local banks. 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 and their customer base is segmented to allow specific service models to be employed for each customer segment (retail, corporate and private).

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

### **Product Companies**

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

## **Background to the UBI Banca Group: the BPU Group and the Banca Lombarda Group**

### ***The BPU Group***

BPU was created by the merger of three banking entities: Banca Popolare di Bergamo — Credito Varesino S.c.r.l. ("BPB-CV"), Banca Popolare Commercio e Industria S.c.r.l. ("BPCI") and Banca Popolare di Luino e di Varese S.p.A. ("BPLV"). BPU was the parent bank of the BPU Group. The merger took legal effect on 1st July 2003 and resulted in:

- the creation of a new "*Società cooperativa per azioni*" (limited liability joint stock co-operative company) under Italian law, named Banche Popolari Unite S.c.p.a.;

- the transfer of banking operations consisting of the branch network of BPCI and BPLV (with the exception of one branch in Milan) into a newly established joint stock company, called Banca Popolare Commercio e Industria S.p.A. ("BPCI2"); and
- the transfer of banking operations consisting of the branch network of BPB-CV (with the exception of one branch in Bergamo) into a newly established joint stock company, called Banca Popolare di Bergamo S.p.A. ("BPB").

On 24th June 2003, the Italian Stock Exchange (Borsa Italiana S.p.A.) admitted the ordinary shares of BPU to listing on the Mercato Telematico Azionario.

#### *Banca Popolare di Bergamo — Credito Varesino S.c.r.l. ("BPB-CV")*

Established in 1869, BPB-CV consolidated its presence in the Lombardy region of Italy during the following century. In the 1980s, BPB-CV began to expand its operations beyond Lombardy and opened branches in Piedmont, Veneto, Emilia Romagna, Liguria and Latium. In 1984, BPB-CV bought a majority stake in Credito Varesino S.p.A. In 1992, the operations of Credito Varesino S.p.A. and BPB-CV were merged and BPB was renamed Banca Popolare di Bergamo-Credito Varesino S.c.r.l. In 1994, BPB-CV purchased the share capital of a Swiss financial company, Holding St. François (now known as B.D.G. Finanziaria S.A.), the holding company of Banque de Depots et de Gestion s.a., a Swiss bank specialised in asset management, with branches in Lausanne, Lugano, Neuchatel and Mendrisio, Switzerland.

In addition to its territorial expansion, BPB-CV gradually widened the range of services and products available to its customers, diversifying into the insurance, leasing, subsidised finance and private banking sectors. In 2000 BPB-CV acquired a controlling interest in Centrobanca S.p.A., a Milan-based corporate bank, specialised in medium- and long-term corporate banking. In the same year, BPB-CV established FinanzAttiva SIM S.p.A. (an intermediary in Italian and foreign banking markets), FinanzAttiva Gestioni SGR (an asset management company), Banca 24-7 S.p.A. (originally an online bank, now a bank dedicated to consumer finance) and Mercato Impresa S.p.A. (a company focused on the development of electronic commerce). In January 2002, Prudential Inc., USA ("Prudential") acquired a 5 per cent. holding in FinanzAttiva Gestioni SGR S.p.A. (the name of which was later changed to BPU Pramerica SGR S.p.A.) and subsequently increased its holding in such company by a further 30 per cent. in January 2003.

As at 1st July 2003, the date of the announcement of the merger which created BPU, BPB-CV, together with its subsidiaries and affiliates, had 650 branches, with total assets of over €42 billion, 1.4 million customers and a good credit quality.

#### *Banca Popolare Commercio e Industria S.c.r.l. ("BPCI")*

BPCI was established in Milan on 28th December 1888. BPCI began to expand following the end of the Second World War, with the gradual integration and acquisition of a number of financial institutions and branches of both Italian and foreign banks.

In 1998, the BPCI Group established Banca Popolare Commercio e Industria International S.A., a Luxembourg-based bank active in the private banking business and subsequently renamed BPU International s.a.

In 2001, BPCI acquired a 75 per cent. stake in Banca Carime S.p.A. ("Carime"), a bank based in southern Italy and operating through 325 branches. In 2005 BPU acquired a further stake in Carime from Deutsche Bank. Carime's share capital is currently held 85.82 per cent. by BPU and 14.18 per cent. by Aviva S.p.A. ("Aviva").

On 15th July 2002, BPCI signed an agreement with Aviva for the creation of a joint venture, Aviva Vita S.p.A. ("Aviva Vita"), which operates in the life insurance sector and benefits from an extensive branch network for the distribution of insurance products. Under the same agreement, which was extended to the BPU Group in 2004, Aviva acquired total shareholdings of 14.18 per cent. in Carime and 16.64 per cent. in BPCI2. The agreement also provides for several put and call options in relation to the various holdings in Aviva Vita, the stake held by Aviva in Carime and the stake acquired by Aviva in BPCI2, which may be exercised in certain circumstances. No option has been exercised up to the date of this Prospectus.

As at 1st July 2003, the date of the announcement of the merger which created BPU, the BPCI Group consisted of over 550 branches and 37 private banking units, with total assets of over €20 billion, approximately 1.2 million customers and an excellent credit quality.

#### *Banca Popolare di Luino e di Varese S.p.A. ("BPLV")*

Established in 1885, BPLV was initially based near Varese and subsequently expanded in the direction of Milan, opening branches in the towns of Como and Brianza. In 1996, as a result of a takeover by BPCI, BPLV changed from being a co-operative limited liability company to a joint stock company and became part of the BPCI Group. From 1998 onwards, BPLV's commercial network gradually expanded to include Lombardy and Piedmont. As at



1st July 2003, the date of the announcement of the merger which created BPU, BPLV consisted of 59 branches and eight private banking units.

### ***The Banca Lombarda Group***

The Banca Lombarda Group was created by the merger of Credito Agrario Bresciano ("CAB") into Banca San Paolo di Brescia ("BSPB"), which took effect on 31st December 1998, and subsequent acquisitions. The name of the surviving entity, CAB, was changed to Banca Lombarda S.p.A. Banca Lombarda was the listed parent bank of the Banca Lombarda Group.

Between 31st December 1997 and 31st December 2005, the Banca Lombarda Group increased its total assets from €8.8 billion to €38.3 billion and developed from a local banking group into a multi-regional banking group. The Banca Lombarda group operated principally in the Italian regions of Lombardy and Piedmont and, in particular, in the provinces of Brescia, Cuneo, Pavia and Alessandria.

#### *Credito Agrario Bresciano ("CAB")*

CAB was established in 1883 as a co-operative joint-stock company with the company name "Credito Agrario Bresciano". During the course of the following century, it pursued a constant development programme, mainly in the province of Brescia and gradually diversified its activities into new areas of financial intermediation. From the late 1980s onwards, CAB acquired a number of local banks and consolidated its position in the reference territory. In 1978, CAB's shares were admitted to listing on the "Mercato Ristretto" of Milan and, in 1995, on the Mercato Telematico Azionario.

#### *Banca San Paolo di Brescia ("BSPB")*

BSPB was established in 1888 as a credit co-operative joint-stock company operating under the name "Banca San Paolo". The bank gradually developed its credit activities by diversifying into sectors such as asset management and consolidating its position in its local territory. In 1996 the shares of BSPB were admitted to listing on the Mercato Telematico Azionario.

Following the merger with CAB, BSPB became the Banca Lombarda Group's main commercial bank, with the specific aim of developing commercial relationships with customers and promoting the products and financial services of the Banca Lombarda Group through its branches.

#### *Banca Lombarda Group acquisitions*

Following the merger of BSPB and CAB, the Banca Lombarda Group made a number of important acquisitions and established new companies with the aim of strengthening its market position by expanding its operations in northwest Italy. Key developments included:

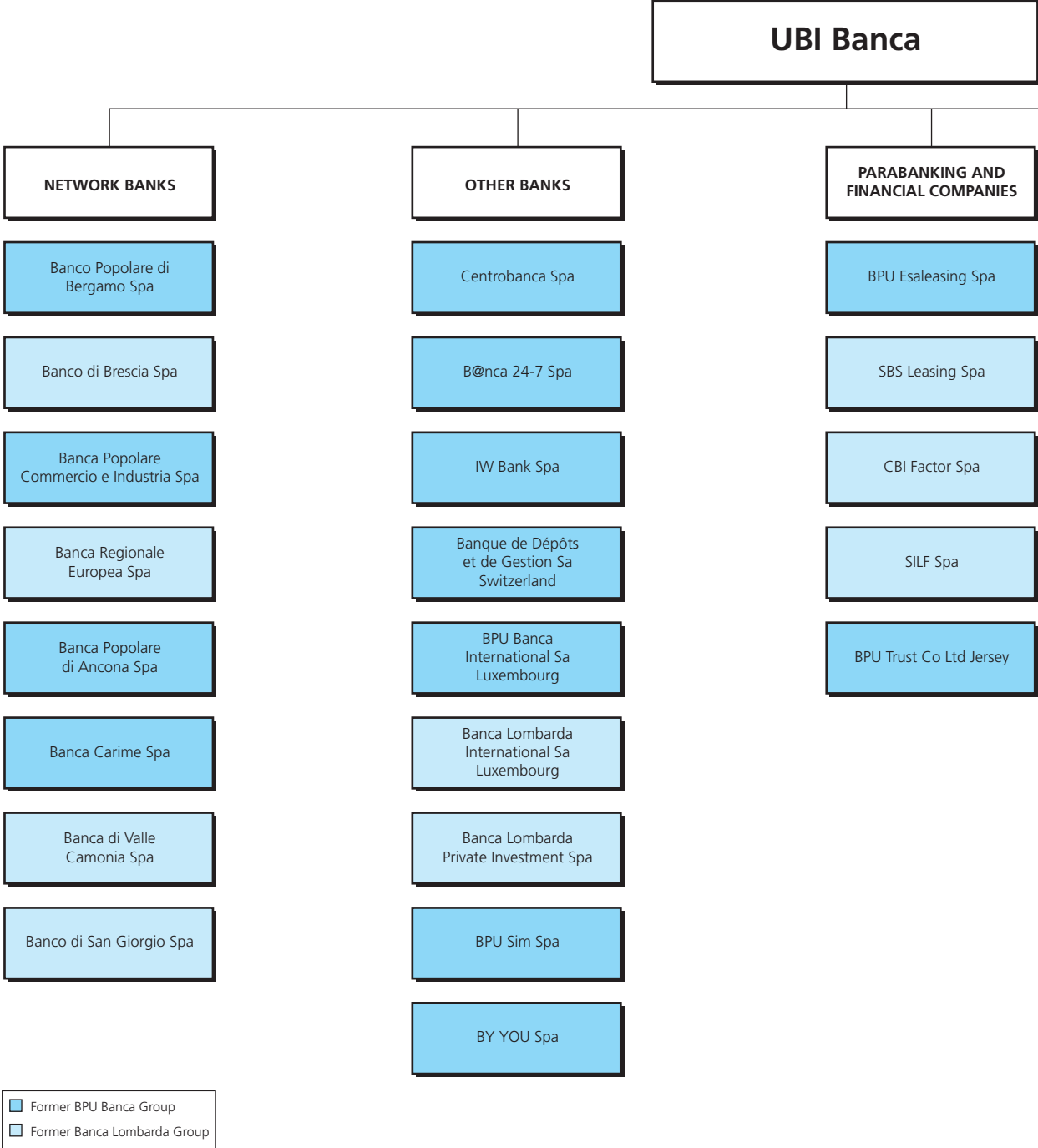
- the acquisition of a majority interest in B.R.E. Banca S.p.A. ("BRE Banca"), a bank operating mainly in Piedmont and Lombardy, following which Banca Lombarda S.p.A. changed its name to Banca Lombarda e Piemontese S.p.A.;
- the acquisition of the entire share capital of Banca Cassa di Risparmio di Tortona S.p.A., a credit institution operating mainly in the province of Alessandria which, on 25th November 2006, was merged into BRE Banca;
- the formation, with Cattolica Assicurazioni, of Lombarda Vita, a company operating in the life insurance sector;
- the acquisition of the entire share capital of Mercati Finanziari SIM S.p.A., a company active in securities intermediation;
- the acquisition of the factoring company Veneta Factoring S.p.A., through the subsidiary CBI Factor S.p.A. ("CBI Factor"). Veneta Factoring was subsequently merged into CBI Factor;
- the acquisition of the entire share capital of Electrolux Financiera S.A., a Spanish company operating in the factoring sector, which subsequently changed its name to Financiera Veneta S.A.;
- the acquisition of the entire share capital of Artesia Bank Luxembourg S.A., a Luxembourg-based credit institution specialised in the private banking sector, subsequently merged into Banca Lombarda International S.A., a credit institution controlled by Banca Lombarda;
- the acquisition, also through the subsidiary BRE Banca, of the entire share capital of Grifogest SGR S.p.A., an asset management company;
- the formation of Capitalgest Alternative Investments SGR S.p.A., a company that manages speculative mutual investment funds;

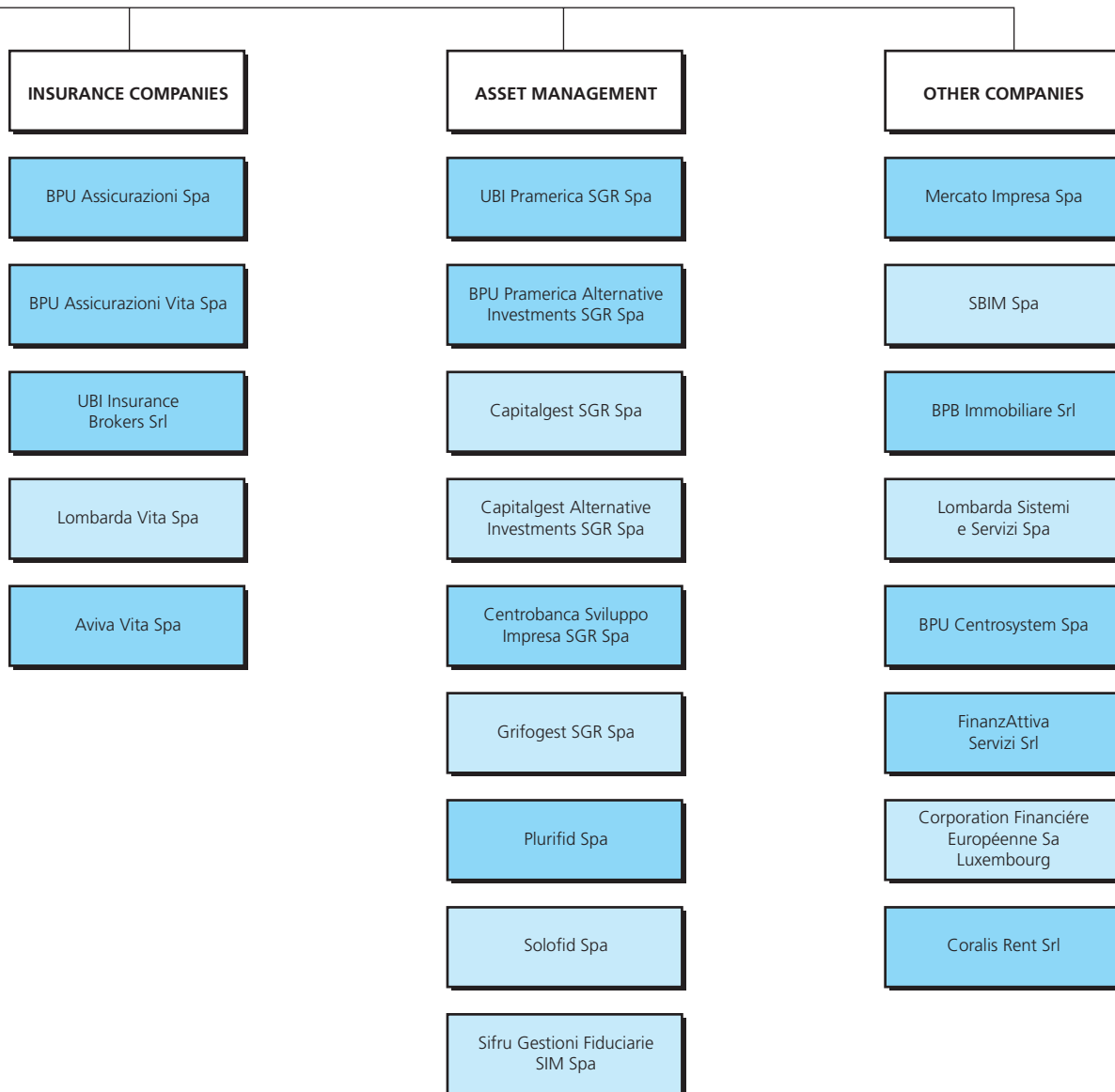
- the acquisition of the entire share capital of Banca Idea S.p.A., a credit institution operating mainly through financial advisers; Banca Idea S.p.A. later changed its name to Banca Lombarda Private Investment;
- the acquisition, through Banca Lombarda International, of the entire share capital of Caboto International S.A., a Swiss asset management company specialised in securities; the company later changed its name to Gestioni Lombarda (Suisse) S.A.; and
- the formation, through a 49 per cent. share in Lombarda China Fund Management, of an asset management company registered in the People's Republic of China.

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Structure of the UBI Banca Group as at 1st April 2007

UBI Banca Group: main shareholdings as at 1st April 2007





## 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, a listed joint-stock co-operative company, which is the parent company of the UBI Banca Group and has its registered office and administrative headquarters in Bergamo. UBI Banca is responsible for the management of the Group's centralised functions such as: governance and control, finance and treasury, commercial co-ordination, credit co-ordination, IT systems, logistics and purchasing, human resources, support services, back office functions, and on-line banking services. All banks of the group and product companies report to UBI Banca; and
- (b) eight network banks, including:
  - (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, with headquarters and administrative offices in Cuneo;
  - (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 Val Camonica, with headquarters and administrative offices in Breno; and
  - (viii) Banco S. Giorgio, 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 banking activities with a client base consisting mainly of retail customers and small and medium-sized businesses;

- (c) a corporate bank, Centrobanca S.p.A., based in Milan;
- (d) various product companies operating mainly in the areas of asset management, bancassurance (life and non-life), consumer finance, factoring and leasing;
- (e) two networks of private bankers and financial advisers, Banca Lombarda Private Investment, based in Brescia and BPU SIM S.p.A., based in Milan; and
- (f) various service companies.

The UBI Banca Group also has an international presence through:

- (i) Banca Popolare di Bergamo S.p.A. — 1 branch in Monaco, Germany;
- (ii) Banque de Dépôts et de Gestion S.A. (Switzerland) — 4 branches in Lausanne, Lugano, Neuchâtel, Mendrisio;
- (iii) Banco di Brescia S.p.A. — 1 branch in Luxembourg;
- (iv) Banca Regionale Europea S.p.A. (France) — 2 branches in Nice and Menton;
- (v) BPU Banca International S.A. Luxembourg; and
- (vi) BPU Trust Co. Ltd. Jersey.

The UBI Banca Group has representative offices in Singapore, Hong Kong, San Paolo (Brazil), London, Mumbai and Shanghai.

## Banking Activities

*The financial information hereafter provided is extracted from the financial statements under IFRS as at 31st December 2006.*

### **Network banks**

#### **Former BPU Group**

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

BPB is a retail bank which was established on 1st July 2003. BPB is wholly-owned by UBI Banca.

For the year ended 31st December 2006, BPB's net financial operating income was €900.7 million, operating costs were €447.1 million, gross profit before tax was €453.5 million and net profit for 2006 was €272.2 million.

As at 31st December 2006, BPB's assets included direct funding from customers totalling €20.7 billion, indirect funding from customers totalling €24.8 billion and loans to customers totalling €20.8 billion. Net bad debts as a percentage of total lending of BPB represented 0.50 per cent. of its outstanding loans as at 31st December 2006,



and the ratio of net impaired debts to net lending was 0.57 per cent. As at 31st December 2006, shareholder equity of BPB equalled €1,336 million. As at 31st December 2006, BPB had 3,824 employees and 375 branches.

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

BPCI is a retail bank which was established on 1st July 2003. UBI Banca presently owns 83.361 per cent. of BPCI, with the remaining interest owned by Aviva S.p.A.

For the year ended 31st December 2006, BPCI's net financial operating income was €426.5 million, operating costs were €259 million, gross profit before tax was €167.5 million and net profit for 2006 was €95 million.

As at 31st December 2006, BPCI's assets included direct funding from customers totalling €7.6 billion, indirect funding from customers totalling €14 billion, and loans to customers totalling €9 billion. Net bad debts as a percentage of BPCI's total lending for the period were 0.92 per cent. and the ratio of net impaired debts to net lending was 1.27 per cent. As at 31st December 2006, shareholder equity of BPCI equalled €726 million. At the same date, BPCI had 2,158 employees and 223 branches.

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

BPA is a retail bank. As at 31st December 2006, BPU held a 99.178 per cent. shareholding in BPA.

For the year ended 31st December 2006, BPA's net financial operating income was €357.3 million, operating costs were €217 million, gross profit before tax was €143.7 million and net profit for 2006 was €91 million.

As at 31st December 2006, BPA's assets included direct funding from customers totalling €6.6 billion, indirect funding from customers totalling €4.4 billion, and loans to customers totalling €6.9 billion. Net bad debts as a percentage of BPA's total lending amounted to 1.04 per cent. and the ratio of net impaired debts to net lending was 1.46 per cent. As at 31st December 2006, shareholder equity of BPA equalled €767 million. As at 31st December 2006, BPA had 1,862 employees and 248 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 is owned 85.82 per cent. by UBI Banca, 14.15 per cent. by Aviva S.p.A. and the remainder by minority shareholders.

For the year ended 31st December 2006, Carime's net financial operating income was €386.9 million, operating costs were €270.7 million, gross profit before tax was €117.9 million and net profit for 2006 was €69.4 million.

As at 31st December 2006, Carime's assets included direct funding from customers totalling €7 billion, indirect funding from customers totalling €6.6 billion and loans to customers totalling €3.6 billion. Net bad debts as a percentage of Carime's total lending amounted to 0.39 per cent. and the ratio of net impaired debts to net lending was 0.79 per cent. Shareholder equity of Carime equalled €1,542 million. As at 31st December 2006, Carime had 2,700 employees and 325 branches.

### **Former Banca Lombarda Group**

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

Banco di Brescia is a retail bank wholly-owned by UBI Banca.

For the year ended 31st December 2006, Banco di Brescia's net financial operating income was €656.9 million, operating costs were €324.5 million, gross profit before tax was €332.7 million and net profit for 2006 was €194 million.

As at 31st December 2006, Banco di Brescia's assets included direct funding from customers totalling €13.4 billion, indirect funding from customers totalling €27.2 billion and loans to customers totalling €13.5 billion. Net bad debts as a percentage of total lending of Banco di Brescia represented 0.63 per cent. of its outstanding loans as at 31st December 2006. As at 31st December 2006, shareholder equity of Banco di Brescia equalled €868 million. As at 31st December 2006, Banco di Brescia had 2,897 employees in Italy and 378 branches.

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

B.R.E. Banca is a retail bank, 55.48 per cent. owned by UBI Banca, 21.87 per cent. by Fondazione Banca del Monte di Lombardia, 15 per cent. by Cassa Risparmio di Cuneo and 7.65 per cent. by Società Cattolica Assicurazioni.

For the year ended 31st December 2006, B.R.E. Banca's net financial operating income was €416.4 million, operating costs were €256.6 million, gross profit before tax was €173.3 million and net profit for 2006 was €105.4 million.

As at 31st December 2006, B.R.E. Banca's assets included direct funding from customers totalling €7 billion, indirect funding from customers totalling €13.7 billion and loans to customers totalling €7.3 billion. Net bad debts

as a percentage of total lending of B.R.E. Banca represented 1.15 per cent. of its outstanding loans as at 31st December 2006. As at 31st December 2006, shareholder equity of B.R.E. Banca totalled €908.5 million. As at 31st December 2006, B.R.E. Banca had 2,163 employees in Italy and 290 branches.

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

Banca di Valle Camonica is a retail bank, 74.24 per cent. owned by UBI Banca, 6.38 per cent. by Società Cattolica Assicurazioni, 5.85 per cent. by Finanziaria di Valle Canonica, 2.22 per cent. by Scuola Editrice and the remaining part by minority shareholders.

For the year ended 31st December 2006, Banca di Valle Camonica's net financial operating income was €72.5 million, operating costs were €43.7 million, gross profit before tax was €28.8 million and net profit for 2006 was €16 million.

As at 31st December 2006, Banca di Valle Camonica's assets included direct funding from customers totalling €1.4 billion, indirect funding from customers totalling €1 billion and loans to customers totalling €1.4 billion. Net bad debts as a percentage of total lending of Banca di Valle Camonica represented 0.72 per cent. of its outstanding loans as at 31st December 2006. As at 31st December 2006, shareholder equity of Banca di Valle Camonica totalled €94.3 million. As at 31st December 2006, Banca di Valle Camonica had 365 employees and 57 branches.

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

Banco di San Giorgio is a retail bank, 34.62 per cent. owned by UBI Banca and 56.33 per cent. by B.R.E. Banca, with the remaining part held by minority shareholders.

For the year ended 31st December 2006, Banco di San Giorgio's net financial operating income was €52 million, operating costs were €29 million, gross profit before tax was €23 million and net profit for 2006 was €13 million.

As at 31st December 2006, Banco di San Giorgio's assets included direct funding from customers totalling €914 million, indirect funding from customers totalling €872 million and loans to customers totalling €1.4 billion. Net bad debts as a percentage of total lending of Banco di San Giorgio represented 1.13 per cent. of its outstanding loans as at 31st December 2006. As at 31st December 2006, shareholder equity of Banco di San Giorgio totalled €97 million. As at 31st December 2006, Banco di San Giorgio had 244 employees and 35 branches.

#### *Banca Lombarda Private Investment*

Banca Lombarda Private Investment is a retail bank which is 100 per cent. owned by UBI Banca.

For the year ended 31st December 2006, Banca Lombarda Private Investment's operating income was €31 million, operating costs were €28 million, gross profit before tax was €2.8 million and net profit for 2006 was €2.3 million.

As at 31st December 2006, Banca Lombarda Private Investment's assets included direct funding from customers totalling €390 million, indirect funding from customers totalling €3.3 billion and loans to customers totalling €299 million. As at 31st December 2006, shareholder equity of Banca Lombarda Private Investment totalled €52.3 million. As at 31st December 2006, Banca Lombarda Private Investment had 124 employees and 32 branches.

### **Corporate Banking**

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

Centrobanca is the medium to long-term lending bank of the UBI Banca Group and was formerly part of the BPU Group. The UBI Banca Group holds 97.82 per cent. of its shareholding, of which 92.35 per cent. is held by UBI Banca and 5.47 per cent. by BPA. For the year ended 31st December 2006, Centrobanca's operating income was €175.7 million, operating costs were €48.2 million, net operating income amounted to €127.6 million, gross profit before tax was €143.2 million and net profit for 2006 was €82.1 million.

As at 31st December 2006, Centrobanca had loans to customers totalling €5.7 billion and a good credit quality, with a ratio of net non-performing loans to total net loans of 0.98 per cent. Shareholder equity as at the same date amounted to €569.3 million. As at 31st December 2006, Centrobanca had 297 employees and 7 branches.

### **Asset Management**

#### **Former BPU Group**

The asset management company, BPU Pramerica SGR S.p.A. ("BPU Pramerica"), offers a wide range of products, from mutual funds to discretionary asset management. The company was established as a joint venture between BPU and Prudential Inc., USA ("Prudential"), with 65 per cent. of its share equity now held by the UBI Banca

Group and 35 per cent. held by Prudential. Total assets under management of BPU Pramerica as at 31st December 2006 totalled €23 billion and the company's net profit for the year amounted to €44 million.

#### *Former Banca Lombarda Group*

The Banca Lombarda Group's two main asset management companies, Capitalgest SGR S.p.A. ("Capitalgest") and Grifogest SGR S.p.A. ("Grifogest"), are now both wholly owned by UBI Banca. As at 31st December 2006, Capitalgest had total assets under management of €16.3 billion and reported a net profit of €3.4 million whilst Grifogest had total assets under management of €2.1 billion and reported a net profit of €1.2 million.

### **Bancassurance**

#### **Former BPU Group**

BPU Partecipazioni Assicurative S.p.A. ("BPU Partecipazioni Assicurative") is a holding company which wholly owns BPU Assicurazioni S.p.A. ("BPU Assicurazioni") (an insurance company that does not offer life insurance) and BPU Assicurazioni Vita Spa ("BPU Assicurazioni Vita") (a life insurance company). Further to a bancassurance agreement with the Aviva Group, Aviva Vita S.p.A. ("Aviva Vita") is currently owned 50 per cent. by UBI Banca and 50 per cent. by Aviva S.p.A. These companies offer a wide range of insurance products, from traditional and unit-linked life policies to accident coverage. BPU Assicurazioni and Aviva Vita distribute their products through banking channels, whilst BPU Assicurazioni Vita distributes its products through channels such as agents and affinity groups. While BPU Assicurazioni and BPU Assicurazioni Vita are fully consolidated in the BPU accounts, Aviva Vita's result is included in the item "profit from equity investments valued at equity".

For the year ended 31st December 2006, BPU Partecipazioni Assicurative reported premium income of €575 million and Aviva Vita reported premium income of €755 million. BPU Partecipazioni Assicurative reported a net profit of €9.2 million, while Aviva Vita recorded a net profit of €7.2 million.

#### **Former Banca Lombarda Group**

Lombarda Vita S.p.A. is a joint venture with Cattolica Assicurazioni and is now 49 per cent. owned by UBI Banca. As at December 2006, Lombarda Vita reported premium income of €1.3 billion and a net profit of €17.2 million.

### **Consumer Finance**

#### **Former BPU Group**

Consumer finance products offered include revolving credit card lending, personal loans, including loans for an amount of up to one-fifth of customers' salaries and special purpose loans. "B@nca 24-7 S.p.A.", a wholly-owned subsidiary of UBI Banca, develops business through commercial agreements relating to non-captive customers with networks outside the former BPU Group. The issuance of credit cards (both charge and revolving) for the BPU Group was centralised in B@nca 24-7 S.p.A. on 1st July 2004.

As at 31st December 2006, B@nca 24-7 S.p.A. had loans to customers totalling €2.7 billion, and excellent credit quality, with a ratio of net non-performing loans to total net loans of 0.14 per cent., and a net profit of €13.3 million.

#### **Former Banca Lombarda Group**

Consumer finance products offered include personal loans and special purpose loans. Silf S.p.A. ("Silf"), a company 60 per cent. owned by UBI Banca and 40 per cent. by B.R.E. Banca, develops business through commercial agreements relating to non-captive customers with networks outside the former Banca Lombarda Group.

As at 31st December 2006, Silf had loans to customers totalling €1.2 billion, good credit quality, with a ratio of net non-performing loans to total net loans of 0.43 per cent., and a net profit of €4.5 million.

### **Leasing**

#### **Former BPU Group**

The wholly-owned subsidiary BPU Esaleasing S.p.A. ("BPU Esaleasing") is the result of the merger completed in July 2006 — between two subsidiaries of the former BPU Group, BPU Leasing (operating mainly in Lombardy) and Esaleasing (operating mainly in the Marche region). As at 31st December 2006 BPU Esaleasing had loans amounting to €3.5 billion and a net profit of €18.4 million.

#### **Former Banca Lombarda Group**

SBS Leasing S.p.A. (SBS) is 98 per cent. owned by UBI Banca. As at 31st December 2006 SBS had loans amounting to €3.4 billion and a net profit of €9.9 million.

## **Factoring**

### **Former Banca Lombarda Group**

CBI Factor S.p.A. (**CBI**) is wholly owned by UBI Banca. As at 31st December 2006 CBI had loans amounting to €1.8 billion and a net profit of €16.3 million; the turnover deriving from operations developed during the financial year amounted to €4.7 billion.

## **UBI BANCA'S MANAGEMENT AND SUPERVISORY BODIES**

### ***Supervisory Board***

The Supervisory Board of UBI Banca appointed by the Shareholders' Meeting of BPU on 3rd March 2007 held its first meeting on 2nd April 2007 under the chairmanship of Gino Trombi.

The Supervisory Board established the three committees provided for under the Articles of Association:

- the Appointments Committee, with the responsibility for selecting and proposing appointments to the Management 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.

Details of the members of the Supervisory Board are set out below:

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside UBI Banca</b>
Trombi Dott. Gino	Chairman	Chairman of the Board of Fondazione Banca San Paolo di Brescia Member the Board of Risparmio e Previdenza Spa and Fondo Interbancario di Tutela dei Depositi
Calvi Avv. Giuseppe	Senior Deputy Chairman	Member of the Board of Mazzoleni Industriale Commerciale Spa, Porta Sud Spa
Folonari Dott. Alberto	Deputy Chairman	Chairman of the Fondazione CAB-Istituto di Cultura Giovanni Folonari Chairman of FINGIAAMA spa, Alfa Delta Spa and Mercury Spa Member of the Board of Editoriale Bresciana Spa and Centro Stampa Quotidiani
Bazoli Prof. Giovanni	Board Member	Chairman of The Supervisory Board of Intesa Sanpaolo Spa, Fondazione Giorgio Cini and Mittel Spa Deputy Chairman of Editrice La Scuola Spa Member of the Board and of the Executive Committee of ABI (Associazione Bancaria Italiana) Member of the Board of Alleanza Assicurazioni
Bellini Avv. Luigi	Board Member	Chairman of the Board of Nationale Suisse Compagnia Italiana di Assicurazioni Spa e di Nationale Suisse Vita Compagnia Italiana di Assicurazioni Spa Member of the Board of Bonetti Acciai Spa and Sagittario Spa Solo administrator of Innocenzo Srl, S.P.A.I.A. Srl and Cepro Srl

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside UBI Banca</b>
Cattaneo Prof. Mario	Board Member	Deputy Chairman of the Board and member of the Executive Committee of Euromobiliare Asset Management Sgr Spa Deputy Chairman of the Board of Euromobiliare Alternative Investments Sgr Spa Member of the Board of Sella Holding Banca Spa, Otis Spa, Bracco Spa, Luxottica group Spa. Chairman of the Board of Statutory Auditors of: Sara Assicurazioni Spa, Sara Life Spa, Sara Vita Spa, Italiana Assicurazioni Spa, Mediafactoring Spa, SIA Spa, Cellografica Gerosa Spa, Silem Spa, So.Fi.Ge Spa, Immobiliare Previdenza Spa, Aedes Srl, Sara Immobili Spa, Immobiliare Mirasole Spa and Humanitas Mirasole Spa Member of the Board of Statutory Auditors of Michelin Italiana Spa
Ferro-Luzzi Prof. Paolo	Board Member	Chairman of the Board of Società Servizi Italia Member of the Board of BNL Fondi Immobiliari Sgr Spa
Fidanza Virginio	Board Member	Sole administrator of Condor Trade Srl and Sval Srl
Fontana Rag. Enio	Board Member	—
Garavaglia Dott. Carlo	Board Member	Chairman of the Board of Eunomia Spa; Vice Chairman of the Board of Aedes Spa; Member of the Board of De Longhi Spa, Aedes Bipiemme Real Estate SGR Spa, AFV Acciaierie Beltrame S.p.A.; Chairman of the Board of Statutory Auditors of San Paolo Fiduciaria Spa, Comitalia Compagnia Fiduciaria S.p.A.
Gussalli Beretta Dott. Pietro	Board Member	Chairman of the Board of Beretta-Benelli Iberica Sa, Benelli USA Corp. and Humbert CTTS sas Deputy Chairman and Member of the Board of Beretta Holding Spa Deputy Chairman of Beretta USA Corp. CEO of Benelli Armi Spa and Arce Gestioni Spa Member of the Board of UPIFRA Spa, UPIFRA Agricole Sa, Pietro Beretta Holding BV, Fabbrica d'Armi Pietro Beretta, Franchi Spa, Land Finance Corp., Artic Freezing Docks Spa, Casaforte Self-Storage Suisse Sa, Beretta Investment sa
Lucchini Dott. Giuseppe	Board Member	Chairman of the Board of Lucchini Spa and GILPAR Holding sa (Lux.) Member of the Board of GIM Generale Industrie Metallurgiche Spa, HOPA Società per Azioni Holding di Partecipazioni Aziendali, Beretta Holding Spa, and Fondazione Lucchini Administrator and Legal Representative of Lupar Sapa Chairman and Member of the Supervisory Board of Ascometal
Luccchini Dott. Italo	Board Member	Vice Chairman of the Board of Italmobiliare Spa; Member of the Board of Italcementi Spa; Chairman of the Board of BMW Italia Spa, BMW Financial Services Italia Spa, Sabaf Spa

<b>Name</b>	<b>Position</b>	<b>Principal activities performed outside UBI Banca</b>
Manzoni Dott. Federico	Board Member	Chairman of the Board of Intesa Leasing Spa Member of the Board of SAIA Trasporti Spa, ICIS Spa, INSER Pulsar Spa, Società Italiana per la Gestione Industriale — Finanziaria Spa Commissioner of Fondazione Cariplo Chairman of the Board of Statutory Auditors of S.A.L. Srl, SADEM Spa, Rossini trading Spa, SAB Autoservizi Srl, MA.AR. Auto Spa, Mesgo Spa, Thera Spa, SAPAV Spa, Arriva Piemonte Trasporti Spa, Seltering Spa Member of the Board of Statutory Auditors of Cassa di Risparmio di San Miniato, Bancasintesi Spa, Barabino and Partners Spa, SAB Piemonte Srl, Broseta Due srl, Iniziativa Bono Spa, Immobiliare Broseta Srl, Flow Meter Spa, Istituto Vigilanza Notturna Srl, La Vigilanza srl and Trieste Trasporti Spa Alternate Member of the Board of Statutory Auditors of Banca di Lucca Spa, Metronotte Spa, Fidelitas Network Srl, Testa Commerciale Srl, Texcene Spa, ICE Spa, Siderurgica di Crescentino Spa, Autoservizi F.V.G. Spa, Gambirasio Elia Srl.
Mazzoleni Mario	Board Member	Chairman of the Board of Mazzoleni Industriale Commerciale Spa, BAS Omniservizi Srl
Moltrasio Ing. Andrea	Board Member	Member of the Board RCS Mediagroup Spa; CEO Icro Coatings Spa
Musumeci Prof. Avv. Salvatore Toti	Board Member	Chairman of the Board of Aviva Vita Spa;
Orlandi Dott. Sergio	Board Member	Member of the Board of Montefibre Spa
Pedersoli Avv. Alessandro	Board Member	Member of the Board of Effe 2005 Finanziaria Feltrinelli Spa, Assicurazioni Generali Spa, RCS Mediagroup Spa
Perolari Dott. Giorgio	Board Member	Chairman of the Board and CEO of Perofil Spa; Member of the Board of Italmobiliare Spa
Pivato Prof. Sergio	Board Member	Member of the Board of Cassa di Risparmio di San Miniato Spa Chairman of the Board of Statutory Auditors of AXA Cattolica Previdenza in Azienda Spa, Padana Assicurazioni Spa, Edison Spa, Clessidra Sgr Spa, Società Italiana Distribuzione Moderna Spa, Marcora Spa, Reno dé Medici Spa, Sviluppo del Mediterraneo Spa, SMA Spa. and STOGIT Spa Member of the Board of Statutory Auditors of Auchan Spa
Sestini Dott. Roberto	Board Member	Member of the Board of Società Italiana Acetilene & Derivati Siad Spa and: Sacbo Spa
Zaleski Ing. Romain	Board Member	Chairman of the Board of Energia e Servizi Srl and of Mittel Generale Investimenti Spa. Deputy Chairman of Mittel Spa CEO of Carlo Tassara Spa. Administrator of Duomo Previdenza Spa, Arcelor Sa, Mittal Sa Sole Administrator of Feropar Sarl



## Management Board

At its first meeting on 2nd April 2007, the Management Board resolved upon the appointment of Giampiero Auletta Armenise as Chief Executive Officer. It also appointed Victor Massiah as General Manager and Graziano Caldani as Joint General Manager. The composition of the Board is as set out below:

Name	Position	Principal activities performed outside UBI Banca
Zanetti Emilio	Chairman	Chairman of the Board of SESAAB Spa Member of the Board of Italcementi Fabbriche Riunite Cemento Spa and Sacbo Spa
Faissola Corrado	Deputy Chairman	Chairman of ABI (Associazione Bancaria Italiana) Member of the Board of Assbank
Auletta Armenise Giampiero	CEO	Member of the Board of Humanitas Spa
Bertolotto Piero	Board Member	—
Boselli Mario	Board Member	Chairman of the Board of Camera Nazionale della Moda Setefi Spa and Fondo Pensioni per il Personale Cariplo
Camadini Giuseppe	Board Member	Chairman of Opera per l'Educazione Cristiana and Istituto Paolo IV Member of the Board of Editrice La Scuola, Società Cattolica di Assicurazione Scarl, Fondazione Banca San Paolo di Brescia and Università Cattolica del Sacro Cuore
Cera Mario	Board Member	Chairman of the Fondazione Ravasi Garzanti in Milan
Frigeri Giorgio	Board Member	—
Gusmini Alfredo	Board Member	—
Pizzini Flavio	Board Member	Sole administrator of Y Consulting Srl Deputy Chairman of Cattolica IT Services Srl Member of the Board of Duomo Previdenza Spa, Novaradio A Srl, Don Gnocchi Sistemi Srl Chairman of the Board of Statutory Auditors of Mittel Spa, I.T.L. Spa and Astinger Spa Member of the Board of Statutory Auditors of Prisma Srl

## Conflicts of Interest

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

## Significant Legal Proceedings

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, the Issuer 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 Group.

## RECENT DEVELOPMENTS

### Information regarding the consolidated interim results of BPU and Banca Lombarda for the three months ended 31st March 2007 (subject to a limited review) compared with the same period of 2006 (unaudited)

Investors should note that the 31st March 2007 figures for BPU and Banca Lombarda set out below have been subject to a limited review by BPU and Banca Lombarda's auditors for the purposes of the Merger only. Accordingly the corresponding 31st March 2006 figures have not been reviewed in the same manner, and have been extracted from BPU's and Banca Lombarda's respective management accounts. For the avoidance of doubt, neither the 31st March 2006 figures nor the 31st March 2007 figures have been audited.

*The following Mandatory Schemes have been prepared pursuant to the Bank of Italy Resolution 22/12/2005.*

**BPU GROUP****Consolidated balance sheet**

	<b>3 months ended 31st March 2007</b> <i>(unaudited*)</i>	<b>3 months ended 31st March 2006</b> <i>(unaudited)</i>
	<i>(thousands of euro)</i>	
<b>ASSETS</b>		
10. Cash and cash equivalents . . . . .	288,549	270,576
20. Financial assets held for trading . . . . .	3,326,198	3,497,016
30. Financial assets at fair value . . . . .	4,365,161	5,366,683
40. Available-for-sale financial assets . . . . .	3,769,525	3,668,264
50. Held-to-maturity financial assets . . . . .	1,319,212	1,112,759
60. Loans to banks . . . . .	1,962,438	2,633,021
70. Loans to customers . . . . .	53,718,899	46,482,786
80. Hedging derivatives . . . . .	88,319	212,909
90. Fair value change of hedged financial assets (+/-) . . . . .	(1,344)	15,095
100. Equity investments . . . . .	60,269	39,430
110. Technical reserves of reinsurers . . . . .	202,717	101,983
120. Property, plant and equipment . . . . .	1,332,812	1,362,227
130. Intangible assets . . . . .	1,270,241	1,237,198
<i>- of which goodwill</i>		
Temporary merger difference . . . . .	1,211,509	1,196,889
140. Tax assets . . . . .	803,435	698,719
a) current . . . . .	377,679	289,924
b) prepaid . . . . .	425,756	408,795
150. Non current assets and disposal groups held for sale . . . . .	80,441	101,199
160. Other assets . . . . .	1,181,807	2,371,563
<b>TOTAL ASSETS</b> . . . . .	<u>73,768,679</u>	<u>69,171,428</u>

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by BPU's auditors for the purposes of the Merger only.

**BPU GROUP****Liabilities and Shareholders' Equity**

	<b>3 months ended 31st March 2007</b> <i>(unaudited*) (thousands of euro)</i>	<b>3 months ended 31st March 2006</b> <i>(unaudited)</i>
10. Due to banks . . . . .	5,376,872	5,524,359
20. Due to customers . . . . .	30,123,915	29,142,178
30. Securities in issue . . . . .	26,618,374	21,957,697
40. Financial liabilities held for trading . . . . .	409,969	397,010
50. Financial liabilities at fair value . . . . .	0	0
60. Hedging derivatives . . . . .	356,407	451,342
70. Fair value change in hedged financial liabilities (+/-) . . . . .	—	—
80. Tax liabilities . . . . .	760,505	725,177
a) current . . . . .	480,416	486,882
b) deferred . . . . .	280,089	238,295
90. Liabilities associated with disposal groups held for sale . . . . .	109,704	28,318
100. Other liabilities . . . . .	1,591,347	2,939,234
110. Staff severance payments . . . . .	342,249	343,053
120. Provisions for liabilities and charges . . . . .	228,970	333,543
a) pension and similar obligations . . . . .	63,096	164,310
b) other provisions . . . . .	165,874	169,233
130. Technical reserves . . . . .	2,561,027	2,300,284
140. Valuation reserves . . . . .	102,701	178,226
150. Reimbursable shares . . . . .	0	0
160. Capital instruments . . . . .	0	0
170. Reserves . . . . .	2,213,789	1,395,129
180. Issue premiums . . . . .	1,545,611	1,943,264
190. Share capital . . . . .	861,207	860,145
200. Own shares (-) . . . . .	—	0
210. Minority interests (+/-) . . . . .	428,344	422,623
220. Profit (loss) for the period (+/-) . . . . .	137,688	229,846
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY . . . . .</b>	<b>73,768,679</b>	<b>69,171,428</b>

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by BPU's auditors for the purposes of the Merger only.

**BPU GROUP****Consolidated income statement**

	<b>3 months ended 31st March 2007</b> <i>(unaudited*)</i>	<b>3 months ended 31st March 2006</b> <i>(unaudited)</i>
	<i>(thousands of euro)</i>	
10. Interest income and similar . . . . .	864,765	756,785
20. Interest expense and similar . . . . .	(413,273)	(334,664)
<b>30. Net interest income</b> . . . . .	<b>451,492</b>	<b>422,121</b>
40. Commission income . . . . .	244,693	250,895
50. Commission expenses . . . . .	(35,252)	(34,448)
<b>60. Net commission income</b> . . . . .	<b>209,441</b>	<b>216,447</b>
70. Dividend and similar income . . . . .	4,966	2,151
80. Net profit (loss) from trading . . . . .	7,303	31,735
90. Net profit (loss) from hedging activity . . . . .	2,410	3,556
100. Net profit (loss) from sale or the repurchase of: . . . . .	21,632	72,817
a) loans . . . . .	3,290	(232)
b) available-for-sale financial assets . . . . .	17,561	73,856
c) held-to-maturity financial assets. . . . .	—	—
d) financial liabilities . . . . .	781	(807)
110. Net profit (loss) on financial assets and liabilities at fair value . . . . .	—	—
<b>120. Gross income</b> . . . . .	<b>697,244</b>	<b>748,827</b>
130. Net impairment losses on: . . . . .	(49,179)	(22,605)
a) loans . . . . .	(48,309)	(22,729)
b) available-for-sale financial assets . . . . .	(3)	(2)
c) held-to-maturity financial assets. . . . .	—	—
d) other financial transactions . . . . .	(867)	126
<b>140. Net financial operating income</b> . . . . .	<b>648,065</b>	<b>726,222</b>
150. Net premiums . . . . .	100,747	119,233
160. Other net profit (loss) on insurance operations . . . . .	(107,958)	(123,701)
<b>170. Net income from financial and insurance operations.</b> . . . . .	<b>640,854</b>	<b>721,754</b>
180. Administrative expenses . . . . .	(402,777)	(375,877)
a) staff costs. . . . .	(266,031)	(253,281)
b) other administrative expenses. . . . .	(136,746)	(122,596)
190. Net provisions for liabilities and charges . . . . .	9,758	(7,419)
200. Net impairment losses on property, plant and equipment . . . . .	(18,953)	(19,501)
210. Net impairment losses on intangible assets . . . . .	(7,283)	(5,212)
220. Other operating income (expense). . . . .	36,999	37,936
<b>230. Operating costs</b> . . . . .	<b>(382,256)</b>	<b>(370,073)</b>
240. Profits (losses) on equity investments . . . . .	1,980	1,799
250. Net result of fair valuation of property, plant and equipment and intangible assets . . . . .	—	—
260. Net impairment losses on goodwill. . . . .	—	—
270. Profits (losses) on disposal of investments . . . . .	19	15,321

## BPU GROUP

### Consolidated income statement

	<b>3 months ended 31st March 2007</b>	<b>3 months ended 31st March 2006</b>
	<i>(unaudited*)</i>	<i>(unaudited)</i>
	<i>(thousands of euro)</i>	
<b>280. Profit (loss) on continuing operations before tax</b> . . . . .	260,597	368,801
290. Taxes on income for the period for continuing operations . . . . .	(112,272)	(128,653)
<b>300. Profit (loss) on continuing operations after tax</b> . . . . .	148,325	240,148
310. Profit (Loss) after tax of disposal groups held for sale . . . . .	(284)	2,151
<b>320. Profit (loss) for the period</b> . . . . .	148,041	242,299
330. Profit (loss) for the period attributable to minority interests . . . . .	(10,353)	(12,453)
<b>340. Profit (loss) for the period attributable to the Parent Bank (*)</b> . . . . .	137,688	229,846

#### **Note to the BPU Group Mandatory Schemes**

*BPU 1Q2006 accounts included some non recurring profit items which are not present in 1Q2007 and which affect the comparison with 1Q2007 results. Specifically, in 1Q2006, "Net profit on trading, hedging and disposal/repurchase activity" included non recurring items amounting to €74 million consisting of gains on disposals of equity investments (€70.1 million from Banca Italease, €2.7 million from SI Holding and €1.2 million from Meliorbanca) and "profits on the disposal of equity investments" included non recurring profits of €15.7 million, relating almost entirely to the quota of the earn-out paid by Prudential International Investments Corporation on the equity investment in BPU Pramerica SGR, both not present in 2007.*

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by BPU's auditors for the purposes of the Merger only.

## BANCA LOMBARDA GROUP

### Consolidated balance sheet

	<b>3 months ended 31st March 2007</b> <i>(unaudited*)</i> <i>(thousands of euro)</i>	<b>3 months ended 31st March 2006</b> <i>(unaudited)</i>
<b>ASSETS</b>		
10. Cash and cash equivalents . . . . .	149,777	142,970
20. Financial assets held for trading . . . . .	3,332,072	3,228,719
40. Available-for-sale financial assets . . . . .	998,898	924,001
50. Held to Maturity financial assets . . . . .	9,243	21,697
60. Loans to banks . . . . .	2,035,744	2,295,076
70. Loans to customers . . . . .	31,682,381	28,897,314
80. Hedging derivatives . . . . .	312,049	65,845
100. Equity investments . . . . .	90,886	66,514
120. Property, plant and equipment . . . . .	716,927	738,962
130. Intangible assets . . . . .	737,784	711,743
140. Tax assets . . . . .	429,229	378,520
150. Non current assets and disposal groups held for sale . . . . .	12,795	6,921
160. Other assets . . . . .	755,466	1,187,946
<b>Total assets</b> . . . . .	<u>41,263,251</u>	<u>38,666,228</u>

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by Banca Lombarda's auditors for the purposes of the Merger only.

## BANCA LOMBARDA GROUP

### Liabilities and Shareholders' Equity

	3 months ended 31st March 2007 <i>(unaudited*)</i> <i>(thousands of euro)</i>	3 months ended 31st March 2006 <i>(unaudited)</i>
10. Due to banks . . . . .	4,115,761	3,151,437
20. Due to customers . . . . .	16,396,074	15,983,016
30. Securities in issue . . . . .	14,266,991	12,994,220
40. Financial liabilities held for trading . . . . .	645,463	1,001,672
60. Hedging derivatives . . . . .	52,401	37,580
70. Tax liabilities . . . . .	540,912	431,746
100. Other liabilities . . . . .	1,456,381	1,964,695
110. Staff severance payments . . . . .	176,886	188,422
120. Provisions for liabilities and charges . . . . .	102,305	87,686
130. Technical reserves . . . . .	—	—
140. Valuation reserves . . . . .	551,893	424,804
170. Reserves . . . . .	1,070,995	890,042
180. Issue premiums . . . . .	1,001,589	661,268
190. Share capital . . . . .	355,016	322,292
200. Minority interests (+/-) . . . . .	449,473	456,871
220. Profit (loss) for the period (+/-) . . . . .	81,111	70,477
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> . . . . .	<b>41,263,251</b>	<b>38,666,228</b>

### Consolidated income statement

	3 months ended 31st March 2007 <i>(unaudited*)</i> <i>(thousands of euro)</i>	3 months ended 31st March 2006 <i>(unaudited)</i>
10. Interest income and similar . . . . .	468,743	375,891
20. Interest expense and similar . . . . .	(230,038)	(163,082)
<b>30. Net interest income</b> . . . . .	<b>238,705</b>	<b>212,809</b>
40. Commission income . . . . .	139,917	146,231
50. Commission expenses . . . . .	(21,222)	(21,672)
<b>60. Net commission income</b> . . . . .	<b>118,695</b>	<b>124,559</b>
70. Dividend and similar income . . . . .	290	126
80. Net profit (loss) from trading . . . . .	18,126	18,349
90. Net profit (loss) from hedging activity . . . . .	190	3,742
100. Net profit (loss) from sale or the repurchase of: . . . . .	1,919	493
<i>a) loans</i> . . . . .	—	—
<i>b) available-for-sale financial assets</i> . . . . .	812	6
<i>d) financial liabilities</i> . . . . .	1,107	487
<b>120. Gross income</b> . . . . .	<b>377,925</b>	<b>360,078</b>
130. Net impairment losses on: . . . . .	(17,730)	(22,736)
<i>a) loans</i> . . . . .	(17,651)	(22,150)
<i>b) available-for-sale financial assets</i> . . . . .	(39)	(586)
<i>c) financial assets</i> . . . . .	(40)	—

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by Banca Lombarda's auditors for the purposes of the Merger only.



**BANCA LOMBARDA GROUP**  
**Consolidated income statement**

	<b>3 months ended 31st March 2007</b> <i>(unaudited*)</i> <i>(thousands of euro)</i>	<b>3 months ended 31st March 2006</b> <i>(unaudited)</i>
<b>140. Net financial operating income</b> . . . . .	360,195	337,342
180. Administrative expenses . . . . .	(217,461)	(210,606)
<i>a) staff costs.</i> . . . . .	(131,339)	(127,878)
<i>b) other administrative expenses.</i> . . . . .	(86,122)	(82,728)
190. Net provisions for liabilities and charges . . . . .	(9,868)	(2,734)
200. Net impairment losses on property, plant and equipment . . . . .	(8,345)	(8,173)
210. Net impairment losses on intangible assets . . . . .	(5,901)	(6,315)
220. Other operating income (expense) . . . . .	38,350	35,367
<b>230. Operating costs</b> . . . . .	(203,225)	(192,461)
240. Profits (losses) on equity investments . . . . .	4,306	3,587
270. Profits (losses) on disposal of investments . . . . .	309	236
<b>280. Profit (loss) on continuing operations after tax.</b> . . . . .	161,585	148,704
290. Taxes on income for the period for continuing operations . . . . .	(70,619)	(66,052)
<b>300. Profit (loss) on continuing operations after tax.</b> . . . . .	90,966	82,652
310. Profit (Loss) after tax of disposal groups held for sale . . . . .	—	—
<b>320. Profit (loss) for the period</b> . . . . .	90,966	82,652
<b>330. Profit (loss) for the period attributable to minority interests</b> . . . . .	(9,855)	(12,175)
<b>340. Profit (loss) for the period attributable to the Parent Bank</b> . . . . .	81,111	70,477

\* The figures for the 3 months ended 31st March 2007 have been subject to a limited review by Banca Lombarda's auditors for the purposes of the Merger only.

## 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 Issuer will not update this summary to reflect changes in laws and if such a change occurs the information in this summary could become invalid.*

*It is expected that the Italian Government may in the near future be authorised by the Italian Parliament to amend the tax regime applicable to financial income.*

*With regard to certain innovative or structured financial instruments there is currently neither case law nor comments of the Italian tax authorities as to the tax treatment of such financial instruments. Accordingly, it cannot be excluded that the Italian tax authorities and courts or Italian paying agents may adopt a view different from that outlined below.*

***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 with a maturity of at least 18 months

Legislative Decree No. 239 of 1st April 1996, as amended ("Decree 239"), regulates the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "Interest") from notes having a maturity of 18 months or more and issued by, *inter alios*, Italian banks, falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*).

For this purpose, securities similar to bonds are securities that incorporate an unconditional obligation to pay, at maturity, an amount not lower than the nominal value thereof and that do not allow any direct or indirect participation in the management of the Issuer.

##### *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, (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 relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5% (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 Interest will be subject to the *imposta sostitutiva* and will be included in the 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 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 and Clearstream, Luxembourg) having appointed an Italian representative for the purposes of Decree 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 *imposta sostitutiva*, an Intermediary opens an account (the "single account") to which it credits *imposta sostitutiva* in proportion to Interest accrued. In the event that more than one Intermediary participates in an investment transaction, *imposta sostitutiva* in respect of the transaction is credited to or debited from the single account of the Intermediary having the deposit or investment management relationship with the investor.

Where the Notes are not deposited with an Intermediary, *imposta sostitutiva* is applicable and withheld by any Italian bank or any Italian Intermediary agent paying interest to a Noteholder.

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 contribute to determine the annual net accrued result of the portfolio, which is subject to an *ad hoc* substitutive tax of 12.5%.

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 for corporate income tax purposes ("IRES"), applying at the rate of 33%; and (ii) in certain circumstances, depending on the status of the Noteholder, also in its net value of production for the purposes of regional tax on productive activities ("IRAP"), generally applying at the rate of 4.25%. Said Interest is therefore subject to general Italian corporate taxation according to the ordinary rules;
- (b) *Funds*— Italian investment funds (including a Fondo Comune d'Investimento, or a SICAV), as well as Luxembourg investment funds regulated by article 11-bis of Law Decree No. 512 of 30th September 1983 (collectively, the "Funds") are subject to a 12.5% substitutive tax on their annual net accrued result. Interest is included in the calculation of said annual net accrued result;
- (c) *Pension funds*— Pension funds (subject to the tax regime set forth by Legislative Decree No. 252 of 5th December 2005, the "Pension Funds") are subject to an 11% substitutive tax on their annual net accrued result. Interest is included in the calculation of said annual net accrued result; and
- (d) *Real estate 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 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 (the "Real Estate Investment Funds") are generally subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the same Real Estate Investment Funds.

#### *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 allows for a satisfactory exchange of information with the Republic of Italy; or (ii) is an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) is the Central Bank or an entity also authorised to manage the official reserves of a state; or (iv) is an institutional investor which is

established in a country which allows for a satisfactory exchange of information with the Republic of Italy, even if it does not possess the status of taxpayer in its own country of establishment.

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 (there is no requirement for the bank or financial institution to be EU resident) (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 depository or sub-depository 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 and Clearstream, Luxembourg) 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 depository of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24th February 1998) for the purposes of the application of Decree 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 depository. 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.

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) 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.

#### *Early Redemption*

Without prejudice to the regime described above, if the Notes are subject to an early redemption within 18 months from the issue date, a tax is payable by the Issuer at the rate of 20% in respect of Interest accrued thereon from the relevant Issue Date up to the date of early redemption, pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29th September 1973, as amended ("Decree 600"). Pursuant to one interpretation of Italian tax law, this 20% additional tax may also be due in the event that the Issuer were to purchase the Notes and subsequently cancel them prior to the aforementioned 18-month period.

### 1.2. Notes with a maturity of less than 18 months

Pursuant to Article 26, 1st paragraph, of Decree 600, Interest payments relating to Notes issued with a maturity of less than 18 months are subject to a withholding tax, levied at the rate of 27%.

Where an Italian resident Noteholder is (i) an individual engaged in a business activity to which the Notes are effectively connected, (ii) a corporation or a similar commercial entity (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected), (iii) a commercial partnership, or (iv) a commercial private or public institution, such withholding tax is an advance withholding tax. In all other cases, the withholding tax is a final 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 may be reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, subject to timely filing of the required documentation.

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

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) are subject to a withholding tax, levied at the rate of 27%.

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) a 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 may be 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 12.5% 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, 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.

Should the Notes qualify as atypical securities, based on a very restrictive interpretation, the aforesaid capital gains would be subject to the 27% final withholding tax mentioned under paragraph 2 (see "Tax treatment of the Notes qualifying as atypical securities", above).

Taxpayers can opt for one of the three following regimes in order to pay the taxes on the aforementioned capital gains:

(a) *tax return regime ("Regime della Dichiarazione")*: 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 ("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 *Risparmio Amministrato* regime being made timely and in writing by the relevant Noteholder. The *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* (“*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* 12.5% substitutive 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 both IRES and IRAP.

(B) *Funds* — Capital gains realised by the Funds on the Notes contribute to determine their annual net accrued result, which is subject to a 12.5% substitutive tax (see under paragraph 1.1, “Italian Resident Noteholders”, above).

(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% substitutive tax (see under paragraph 1.1, “Italian Resident Noteholders”, above).

(D) *Real Estate Investment Funds* — Capital gains realised by Real Estate Investment Funds on the Notes are not taxable at the same level as Real Estate Investment Funds (see under paragraph 1.1, “Italian Resident Noteholders”, above).

### 3.2. *Non-Italian Resident Noteholders*

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).

## 4. **Transfer Taxes**

### 4.1. *General*

Pursuant to Royal Decree No. 3278 of 30th December 1923, Legislative Decree No. 435 of 21st November 1997 and Ministerial Circular No. 106/E of 21st December 2001, the transfer of the Notes (either (a) by or between Italian residents or (b) by or between non-Italian residents) may be subject to stamp duty tax (*tassa sui contratti di borsa*) as described below:

(a) contracts entered into directly between private parties or with the participation of entities other than banks and persons who are authorised to perform investment services pursuant to Legislative Decree No. 58 of 24th February 1998, or stockbrokers (the “Authorised Intermediaries”): Euro 0.0083 for each Euro 51.65, (or fraction thereof), of the price of the Notes.

(b) contracts between private parties, with the participation of Authorised Intermediaries, or between private parties and Authorised Intermediaries: Euro 0.00465 for each Euro 51.65, (or fraction thereof), of the price of the Notes.

(c) contracts between Authorised Intermediaries: Euro 0.00465 for each Euro 51.65, (or fraction thereof), of the price of the Notes.



Further, in the cases under (b) and (c) above, the amount of transfer tax payable cannot exceed Euro 929.62 for each transaction or repurchase agreement.

#### 4.2. Exemptions

The transfer tax is not levied in the following cases:

- (a) contracts entered into on regulated markets (e.g. London Stock Exchange);
- (b) contracts relating to securities which are admitted to listing in the regulated markets and finalised outside such markets and entered into:
  - between Authorised Intermediaries;
  - between Authorised Intermediaries and non-residents;
  - between Authorised Intermediaries, also non-resident, and undertakings for collective investments in transferable securities;
- (c) contracts relating to public offers for the admission to listing in regulated markets or relating to securities already admitted to listing on such markets;
- (d) contracts having a consideration not higher than Euro 206.58; and
- (e) securities lending transactions and any contracts having the same economic purpose.

### 5. Inheritance and Gift Tax

According to Law No. 383 of 18th October 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 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 applying 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 applying 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, 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 12,500.

### United Kingdom Taxation

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<sup>1</sup> indicates that HMRC will not exercise its power to obtain information where such amounts are paid or received on or before 5th April 2006.

### **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, from 1st July 2005, 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 collected by such a person for, an individual resident in another Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, 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.

Also with effect from 1st July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their jurisdiction to, or collected by such a person for, an individual resident 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 in one of those territories.

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.***

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<sup>1</sup> See paragraph 19 of HM Revenue and Customs section 18 Guidance Notes (<http://www.hmrc.gov.uk/esd-guidance/s18-guidance-notes-06.pdf>).

# 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 or an Offering Circular with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the [Offering Circular] [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 [Offering Circular] [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 [Offering Circular dated [original date] and the Prospectus dated [current date] [and the supplemental Prospectus dated [●]] [Prospectuses dated [original date] and [current date] [and the supplemental Prospectus dated [●]]. [The [Offering Circular dated [original date] and the Prospectus dated [current date] [and the supplemental Prospectus dated [●]] [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 €50,000 or equivalent and multiples of a lower principal amount:*) [[●] and integral multiples of [●] in excess thereof up to and including [●]. No notes in definitive form will be issued with a denomination above [●]]
- (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*)]
- [(N.B. If the Final Redemption Amount is less than 100% of the nominal value, the Notes will constitute derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation No. 809/2004 will apply and the Issuer will prepare and publish a supplement to the Prospectus.)]
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:**

New Global Note:

Bearer Notes:

[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]

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

[Registered Notes]

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 16(iv) and 18(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, renominisation 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; TEFRA C/TEFRA D/TEFRA not applicable]
- 35. Additional selling restrictions: [Not Applicable/*give details*]

**[LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required for issue and admission to trading on the London Stock Exchange the issue of 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) Listing: [London/other (*specify*)/None]
- (ii) 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.]
- (iii) 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.)*

### 3. [NOTIFICATION

The [include name of competent authority in EEA home Member State] [has been requested to provide/has provided [include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues]] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

### 4. [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.]

### 5. 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.)*

**6. [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. ]

**7. [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.]*

**8. [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.]*

**9. 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 does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.][include this text if “yes” selected in which case the Notes must be issued in NGN form]

ISIN Code:

[●]

Common Code:

[●]

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *soci  t   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 November 2006 as supplemented by a Supplemental Programme Agreement dated 2 July 2007 (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.

The UBI Banca Group holds 97.82% of the issued ordinary shares of Centrobanca S.p.A., a party to the Programme Agreement.

### 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 agrees that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Dealer has represented, warranted and agreed, 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) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a Non-exempt Offer), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt

Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;

- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) 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 (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of 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 and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

## 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, at any time, 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 professional market parties ("PMPs") within the meaning of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) (which includes, *inter alia*, qualified investors as defined in the Prospectus Directive such as banks, insurance companies, securities firms, collective investment undertakings and pension funds). This restriction does not apply in respect of Notes having a denomination of at least EUR 50,000 (or equivalent).

In addition, zero coupon Notes in definitive bearer form and other securities in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act or *Wet inzake spaarbewijzen*, the "SCA") may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such securities to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such

securities if they are physically issued outside The Netherlands and are not immediately thereafter distributed in The Netherlands.

## Republic of Italy

The offering of the Notes has not been registered pursuant to the Italian securities legislation and, accordingly, each of the Dealers has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Notes in the Republic of Italy in a solicitation to the public, and that sales of the Notes in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented, warranted and agreed that it will not offer, sell or deliver any Notes or distribute copies of this Prospectus or any other document relating to the Notes in the Republic of Italy except to "qualified investors" (*investitori qualificati*), as defined in Article 31.2 of CONSOB Regulation No. 11522 of 2nd July 1998 as amended ("Regulation 11522"), Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree 58") or in any other circumstances where an express exemption from compliance with the solicitation restrictions provided by Decree 58 or CONSOB Regulation No. 11971 of 14th May 1999, as amended, applies, provided however that any such offer, sale or delivery of Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1st September 1993, as amended, ("Decree 385"), Decree 58, Regulation 11522 and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Decree 385, as amended, and the implementing instructions of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

## Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers 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 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 Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws 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 under Section 275 of the SFA by a relevant person 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 individual who is an accredited investor,

shares, debentures and units of shares and debentures 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 (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

### **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 5 July 2007, 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. UBI Banca has obtained all necessary consents, approvals and authorisations in the Republic of Italy in connection with the issue and performance of the Notes. The issue of the Notes by UBI Banca was authorised by a resolution of the Board of Directors of UBI Banca passed on 17 April 2007.
3. There has been no significant change in the financial or trading position of the UBI Banca Group since the date of the Merger and no material adverse change in the prospects of the UBI Banca Group since the date of the Merger.
4. Save as disclosed in UBI Banca's business description under "Significant Legal Proceedings", 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 BPU and Banca Lombarda for the financial years ended 31st December 2005 and 31st December 2006, respectively;
  - (vi) 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);

- (vii) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
- (viii) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed.

10. KPMG S.p.A. are the auditors of UBI Banca 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, No88. KPMG S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms. KPMG S.p.A.'s offices are located at Via Vittor Pisani, 25, Milan, 20124, Italy. KPMG S.p.A. has audited and rendered unqualified audit reports on the consolidated financial statements of BPU for the years ended 31st December 2005 and 2006.

Reconta Ernst & Young S.p.A., Corso Magenta 29, 25121 Brescia is registered under no. 2 in the Special Register (*Albo Speciale*) maintained by CONSOB, as set out at Article 161 of the Finance Act (*Testo Unico delle Disposizioni in materia di mercati finanziari*) and under no.70945 in the Register of Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree 27th January 1992, no. 88. Reconta Ernst & Young S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms. Reconta Ernst & Young S.p.A., has audited and rendered unqualified audit reports on the consolidated financial statements of Banca Lombarda for the years ended 31st December 2005 and 2006.

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

Piazza Vittorio Veneto, 8  
24122 Bergamo  
Italy

**ARRANGER**

**J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ  
United Kingdom

**DEALERS**

**ABN AMRO Bank N.V.**

250 Bishopsgate  
London EC2M 4AA  
United Kingdom

**Banca IMI S.p.A.**

Corso Matteotti, 6  
20121 Milan  
Italy

**Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**BNP PARIBAS**

10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Centrobanca – Banca di Credito Finanziario e  
Mobiliare S.p.A.**

Corso Europa, 16  
20122 Milan  
Italy

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
United Kingdom

**Deutsche Bank AG, London Branch**

Winchester House  
1 Great Winchester Street  
London EC2N 2DB  
United Kingdom

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**Banc of America Securities Limited**

5 Canada Square  
London E14 5AQ  
United Kingdom

**Banco Bilbao Vizcaya Argentaria S.A.**

Via los Poblados, s/n  
49 Planta  
28033 Madrid  
Spain

**Bayerische Hypo- und Vereinsbank AG**

Arabellastr 12  
81925 Munich  
Germany

**CALYON**

9, Quai du Président Paul Doumer  
92920 Paris La Défense Cedex  
France

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**DBS Bank Ltd.**

6 Shenton Way #35-00  
DBS Building Tower One  
Singapore 068809

**Dexia Banque Internationale à Luxembourg,  
société anonyme  
acting under the name Dexia Capital Markets**

69, route d'Esch  
L-2953 Luxembourg

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Lehman Brothers International (Europe)**  
25 Bank Street  
London E14 5LE  
United Kingdom

**Mediobanca – Banca di Credito Finanziario S.p.A.**  
Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

**Merrill Lynch International**  
Merrill Lynch Financial Centre  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**MPS Finance Banca Mobiliare S.p.A.**  
Via Nino Bixio, 2  
53100-Siena  
Italy

**Nomura International plc**  
Nomura House  
1 St Martin's-le-Grand  
London EC1A 4NP  
United Kingdom

**Société Générale**  
29 Boulevard Haussmann  
75009 Paris  
France

**UBS Limited**  
1 Finsbury Avenue  
London EC2M 2PP  
United Kingdom

#### **TRUSTEE**

##### **Citicorp Trustee Company Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

#### **ISSUING AND PAYING AGENT, REGISTRAR, TRANSFER AGENT AND CALCULATION AGENT**

##### **Citibank, N.A.**

21st Floor, Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

#### **LEGAL ADVISERS TO THE ISSUER**

*As to Italian law*  
**Allen & Overy**  
Via Manzoni, 41  
20121 Milan  
Italy

#### **LEGAL ADVISERS TO THE DEALERS AND THE TRUSTEE**

*As to English law*  
**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

*As to Italian law*  
**Gianni, Origoni, Grippo & Partners**  
Piazza Belgioioso, 2  
20121 Milan  
Italy





