



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

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

**Euro 5,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme
unconditionally and irrevocably guaranteed as to payments
of interest and principal by
UBI FINANCE CB 2 S.R.L.**

*(incorporated as a limited liability company in the Republic of Italy and registered at the Companies'
Registry of Milan under registration number 07639080964)*

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

Under this Euro 5,000,000,000 covered bond programme (the "**Programme**"), Unione di Banche Italiane S.c.p.a. ("**UBI Banca**" or the "**Issuer**") may from time to time issue *obbligazioni bancarie garantite* (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed Euro 5,000,000,000 (or its equivalent in other currencies calculated as described herein). UBI Finance CB 2 S.r.l. (the "**Guarantor**") has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the "**Covered Bond Guarantee**") which is collateralised by a pool of assets (the "**Cover Pool**") made up of a portfolio of mortgages assigned to the Guarantor by the Sellers and certain other assets held by the Guarantor, including funds generated by the portfolio and such assets. Recourse against the Guarantor under the Covered Bond Guarantee is limited to the Cover Pool.

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

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

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

Each Series or Tranche may, on or after the relevant issue, be assigned a rating specified in the relevant Final Terms by any rating agency which may be appointed from time to time by the Issuer in relation to any issuance of Covered Bonds or for the remaining duration of the Programme, to the extent that any of them at the relevant time provides ratings in respect of any Series of Covered Bonds. The current long term counterparty credit of the Issuer has been rated, respectively, "BBB+" by Fitch Ratings Ltd. ("**Fitch**"), "Baa2" by Moody's Investors Service Ltd. ("**Moody's**") and "BBB+" by Standard & Poor's Credit Market Services Italy S.r.l. ("**S&P**") and together with Fitch and Moody's, the "**Rating Agencies**". For the avoidance of doubt, any references in this Prospectus to Fitch, Moody's, and/or S&P shall refer to the terms as defined hereby unless otherwise stated). Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**") will be disclosed in the Final Terms. The credit ratings included or referred to in this Prospectus have been issued by the Rating Agencies, each of which is established in the European Union and has been registered under the CRA Regulation. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation, unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Arranger and Dealer for the
Programme*
BARCLAYS

The date of this Prospectus is 22 June 2012.

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

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

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

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

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

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

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

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

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

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

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there can be no assurance that the Stabilising Manager(s) (or any person acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Market Share Information and Statistics

This Prospectus contains information and statistics on page 107 regarding the market share of the UBI Banca Group which are derived from, or are based upon, the Issuer's analysis of data obtained from the Bank of Italy (see "*The Issuer — The UBI Banca Group*"). Such data have been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by the Bank of Italy, no facts have been omitted which would render such reproduced information inaccurate or misleading.

Certain Definitions

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

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

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

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

- have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Legal investment considerations may restrict certain investments

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

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INFORMATION INCORPORATED BY REFERENCE

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

- (a) the audited consolidated and non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2010 contained in the Issuer's Reports and Accounts 2010 including the separate financial statements of UBI Banca S.c.p.a. as at and for the year ended 31 December 2010;
- (b) the audited consolidated and non-consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2011 contained in the Issuer's Reports and Accounts 2011 including the separate financial statements of UBI Banca S.c.p.a. as at and for the year ended 31 December 2011;
- (c) the unaudited consolidated and non-consolidated Interim Financial Report of the Issuer as at and for the three months ended 31 March 2012; and
- (d) the Terms and Conditions of the Covered Bonds contained in the previous Prospectus dated 2 April 2012, pages 45-71 (inclusive) prepared by the Issuer in connection with the Programme.

Such information shall be incorporated into, and form part of, this Prospectus, save that any statement contained in information which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any document which is incorporated by reference into any of the documents deemed to be incorporated in, and form part of, this Prospectus, shall not constitute a part of this Prospectus.

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

Any other information not listed in the table below and/or under item (d) above, but contained in such documents listed under items (a) to (d) above is not incorporated by reference in this Prospectus and is either not relevant for the investor or it is covered elsewhere in this Prospectus.

Cross-reference List

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

Reports and Accounts 2011

Audited consolidated financial statements of the Issuer

Auditors' Report	Pages	226-228
Consolidated Balance Sheet	Pages	231
Consolidated Income Statement	Pages	232
Consolidated Statement of Comprehensive Income	Pages	233
Statement of Changes in Consolidated Equity	Pages	234-235
Consolidated Statement of Cash Flows	Pages	236-237
Notes to the Consolidated Financial Statements	Pages	238-470

Non-consolidated financial statements of the Issuer

Auditors' Report	Pages	58-60
Balance Sheet	Pages	63
Income Statement	Pages	64
Statement of Comprehensive Income	Pages	65

Statement of Changes in Equity	Pages	66-67
Statement of Cash Flows	Pages	68-69
Notes to the Separate Financial Statements	Pages	70-287
Attachments to the Separate Financial Statements	Pages	288-300

Reports and Accounts 2010

Audited consolidated financial statements of the Issuer

Auditors' Report	Pages	209-211
Consolidated Statement of Financial Position	Pages	213
Consolidated Income Statement	Pages	214
Consolidated Statement of Comprehensive Income	Pages	215
Statement of Changes in Consolidated Equity	Pages	216-217
Consolidated Statement of Cash Flows	Pages	218-219
Notes to the Consolidated Accounts	Pages	220-450

Non-consolidated financial statements of the Issuer

Auditors' Report	Pages	505-507
Separate Statement of Financial Position	Pages	510
Separate Income Statement	Pages	511
Statement of Comprehensive Income	Pages	512
Statement of Changes in Equity	Pages	513-514
Statement of Cash Flows	Pages	515-516
Notes to the Separate Financial Statements	Pages	517-739
Attachments to the Separate Financial Statements	Pages	740-752

Quarterly Consolidated Report

As at 31 March 2012

Consolidated financial statements of the Issuer

Consolidated Balance Sheet	Pages	86
Consolidated Income Statement	Pages	87
Statement of Comprehensive Income	Pages	87
Statement of Changes in Consolidated Equity	Pages	88-89
Consolidated Statement of Cash Flows	Pages	90
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Non-Consolidated Financial statements of the Issuer

Balance Sheet	Pages	114
Income Statement	Pages	115
Statement of Comprehensive Income	Pages	115
Statement of Changes in Equity	Pages	116-117
Statement of Cash Flows	Pages	118

SUPPLEMENTS, FINAL TERMS AND FURTHER PROSPECTUSES

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

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

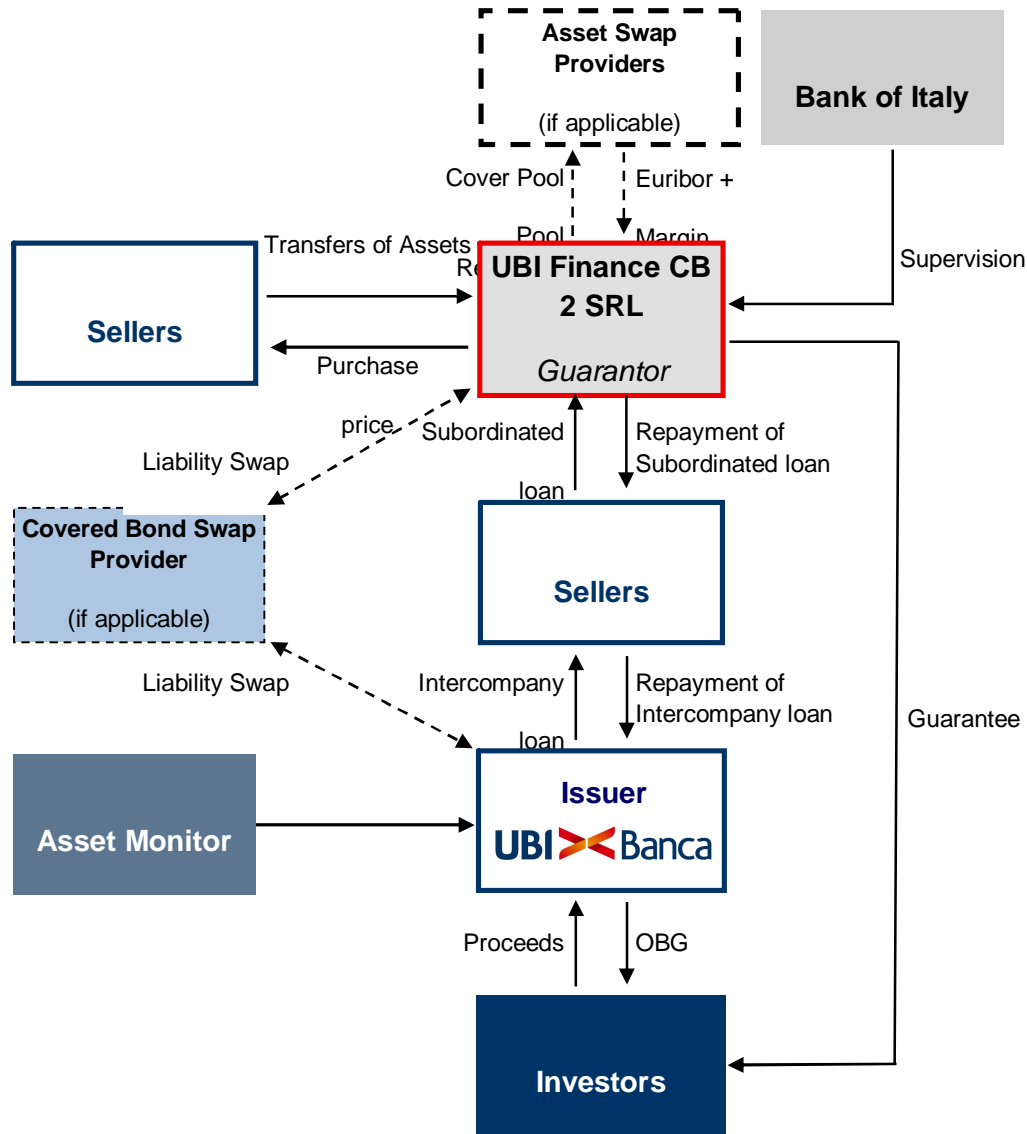
The terms and conditions applicable to any particular Tranche of Covered Bonds will be the conditions set out in the section entitled "Terms and Conditions of the Covered Bonds", as amended and/or replaced to the extent described in the relevant Final Term or Drawdown Prospectus. In the case of a Tranche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

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

OVERVIEW OF THE PROGRAMME

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

Structure Diagram



Structure Overview

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

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

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

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

- *Statutory Tests*: The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:
 - (1) the Nominal Value Test;
 - (2) the Net Present Value Test; and
 - (3) the Interest Coverage Test.
- *Amortisation Test*: The Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date.
- *Extendable obligations under the Covered Bond Guarantee*: An Extended Maturity Date or Extended Instalment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that if the Issuer fails to pay either a Final Redemption Amount or Covered Bond Instalment Amount, the relevant redemption payment dates shall be extended.
- *Extended Maturity Date*: If the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the relevant Maturity Date (subject to applicable grace periods) and if the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the Guarantor on or before the Extension Determination Date (for example because following the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor has or will have insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of Covered Bonds), then payment of the unpaid amount pursuant to the Covered Bond Guarantee shall be automatically deferred and shall become due and payable one year later, on the Extended Maturity Date (subject to any applicable grace period). However, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Guarantor

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

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

PARTIES

Issuer	<p>Unione di Banche Italiane S.c.p.A., a co-operative company limited by shares incorporated under the laws of Italy.</p> <p>For a more detailed description of the Issuer, see "<i>The Issuer</i>".</p>
Guarantor	<p>UBI Finance CB 2 S.r.l., a limited liability company incorporated under the laws of Italy.</p> <p>For a more detailed description of the Guarantor, see "<i>The Guarantor</i>".</p>
Sellers	<p>Banca Regionale Europea S.p.A. Banco di Brescia S.p.A. Banca Popolare di Bergamo S.p.A. Banca Popolare Commercio e Industria S.p.A. Banca Carime S.p.A. Banca di Valle Camonica S.p.A. Banco di San Giorgio S.p.A. Banca Popolare di Ancona S.p.A. UBI Banca Private Investment S.p.A. Unione di Banche Italiane S.c.p.A.</p> <p>For a more detailed description of the Sellers, see "<i>The Sellers</i>".</p>
Arranger	<p>Barclays Bank PLC</p>
Dealer(s)	<p>Barclays Bank PLC and any other dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific Series of Covered Bonds issued or on an ongoing basis.</p>
Calculation Agent	<p>Pursuant to the terms of the Cash Allocation Management and Payments Agreement, Unione di Banche Italiane S.c.p.A. (or any other entity being appointed as such in the future) will act as Calculation Agent.</p>
Principal Paying Agent	<p>Pursuant to the terms of the Cash Allocation Management and Payments Agreement, The Bank of New York Mellon (Luxembourg) S.A., Italian Branch (or any other entity being appointed as such in the future) will act as Principal Paying Agent.</p>
Master Servicer	<p>Pursuant to the terms of the Master Servicing Agreement, Unione di Banche Italiane S.c.p.A. will act as Master Servicer.</p>
Sub-Servicers and Service Providers	<p>Each Seller, other than UBI Banca, will act as individual Sub-Servicers and Service Providers under the Master Servicing Agreement and the Sub-Servicing Agreements.</p>
Representative of the Covered Bondholders	<p>BNY Mellon Corporate Trustee Services Limited, as Representative of the Covered Bondholders. The Representative of the Covered Bondholders will act as such pursuant to the Intercreditor Agreement, the Programme Agreement, the Conditions, the Mandate Agreement and the Deed of Charge.</p>
Asset Monitor	<p>A reputable firm of independent accountants and auditors will be appointed as Asset Monitor pursuant to a mandate granted by the Issuer and the Asset Monitor Agreement. The initial Asset Monitor will be Mazars S.p.A.</p>
Asset Swap Providers	<p>Any Seller as counterparty of the Guarantor under any Asset Swap Agreement that may be entered into.</p>

Liability Swap Providers	Any counterparty of the Guarantor under any Liability Swap Agreement that may be entered into.
Italian Account Bank	Unione di Banche Italiane S.c.p.A. will act as Italian Account Bank pursuant to the Cash Allocation Management and Payments Agreement.
Luxembourg Account Bank	UBI Banca International S.A. will act as Luxembourg Account Bank pursuant to the Cash Allocation Management and Payments Agreement.
Guarantor Corporate Servicer	TMF Management Italia S.r.l., a company incorporated under the laws of Italy, has been appointed as Guarantor Corporate Servicer pursuant to the Corporate Services Agreement.

THE PROGRAMME

Programme description	A covered bond issuance programme under which Covered Bonds (<i>Obbligazioni Bancarie Garantite</i>) will be issued by the Issuer to the Covered Bondholders.
Programme size	The aggregate nominal amount of the Covered Bonds at any time outstanding will not exceed Euro 5,000,000,000 (or its equivalent in other currencies to be calculated as described in the Programme Agreement). The Issuer may however increase the aggregate nominal amount of the Programme in accordance with the Programme Agreement.

THE COVERED BONDS

Form of Covered Bonds	The Covered Bonds will be issued in dematerialised form or in any other form as set out in the relevant Final Terms. The Covered Bonds issued in dematerialised form are held on behalf of their ultimate owners by Monte Titoli for the account of Monte Titoli account holders. Monte Titoli will act as depository for Euroclear and Clearstream. The Covered Bonds issued in dematerialised form will at all times be in book entry form and title to the Covered Bonds will be evidenced by book entries. No physical document of title will be issued in respect of the covered bonds issued in dematerialised form.
Denomination of Covered Bonds	The Covered Bonds will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements and save that the minimum denomination of each Covered Bond admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be Euro 100,000 (or where the relevant Tranche is denominated in a currency other than Euro, the equivalent amount in such other currency).
Status of the Covered Bonds	The Covered Bonds will constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank <i>pari passu</i> without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding. In the event of a winding-up, liquidation, dissolution or bankruptcy of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor in accordance with the Securitisation and Covered Bond Law.
Specified Currency	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the

Covered Bondholders (as set out in the applicable Final Terms).

Maturities

The Covered Bonds will have such Maturity Date as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

Redemption

The applicable Final Terms relating to each Series of Covered Bonds will indicate either (a) that the Covered Bonds of such Series of Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments if applicable, or for taxation reasons or if it becomes unlawful for any Covered Bond to remain outstanding or following an Issuer Event of Default or Guarantor Event of Default), (b) that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders on a date or dates specified prior to the specified Maturity Date and at a price and on other terms as may be agreed between the Issuer and the Dealer(s) as set out in the applicable Final Terms or (c) that such Covered Bonds will be redeemable at the option of the Covered Bondholders, as provided in Condition 9 (*Redemption and Purchase*), letter (f) (*Redemption at the option of Covered Bondholders*) and in the applicable Final Terms.

The applicable Final Terms may provide that the Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as indicated in the Final Terms.

Extended Maturity Date

The applicable Final Terms relating to each Series of Covered Bonds issued may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date. The deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount on the Maturity Date for such Series of Covered Bonds and if the Guarantor does not pay the final redemption amount in respect of the relevant Series of Covered Bonds (for example, because the Guarantor has insufficient funds) by the Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the Extended Maturity Date. If the duration of the Covered Bond is extended, the Extended Maturity Date shall be the date falling one calendar year after the relevant Maturity Date.

For further details, see Condition 9(b) (*Extension of maturity*).

Extended Instalment Date

If a Series of Covered Bonds is to be redeemed in instalments, the applicable Final Terms may indicate that the Guarantor's obligations under the Covered Bond Guarantee to pay a Covered Bond Instalment Amount and all subsequently payable Covered Bond Instalment Amounts may be deferred by one year until their relevant Extended Instalment Dates. The deferral will occur automatically if the Issuer fails to pay a Covered Bond Instalment Amount on its Covered Bond Instalment Date and if the Guarantor does not pay such Covered Bond Instalment Amount (for example, because the Guarantor has insufficient funds) by the Covered Bond Instalment Extension Determination Date. Interest will continue to accrue and be payable on the unpaid amount up to the relevant Extended Instalment Date, which shall be the date falling one calendar year after the relevant Covered Bond Instalment Date.

Each Covered Bond Instalment Amount may be deferred when falling due no more than once. At such time, each subsequent but not yet due Covered Bond Instalment Amount will also be deferred, so it is possible that a

Covered Bond Instalment Amount may be deferred more than once but it may never be deferred to a date falling after the Maturity Date for the relevant Series.

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

Tests

The Programme provides that the assets of the Guarantor are subject to the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**"), which are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. Accordingly, for so long as Covered Bonds remain outstanding, the Sellers and the Issuer must always ensure that the following tests are satisfied on each Calculation Date:

- (1) the Nominal Value Test;
- (2) the Net Present Value Test; and
- (3) the Interest Coverage Test.

Further to the Statutory Tests, the Amortisation Test is intended to ensure that if, following an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the assets of the Guarantor available to meet its obligations under the Covered Bond Guarantee fall to a level where Covered Bondholders may not be repaid, a Guarantor Event of Default will occur and all obligations owing under the Covered Bond Guarantee may be accelerated. Under the Cover Pool Management Agreement, the Guarantor must ensure that, on each Calculation Date following service of an Issuer Default Notice on the Issuer and the Guarantor but prior to a Guarantor Event of Default and service of a Guarantor Default Notice, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate principal amount of the Covered Bonds as calculated on the relevant Calculation Date. For further details on the above, see "*Credit Structure*" below

Asset Monitoring

Pursuant to an engagement letter the Issuer will appoint the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-Up Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme. Furthermore, under the terms of the Asset Monitor Agreement to be entered into by the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders, the Asset Monitor has agreed with the Issuer and, upon delivery of an Issuer Default Notice, with the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent under the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

Issue Price

Covered Bonds may be issued at par or at a premium or discount to par on

a fully-paid or partly-paid basis.

Interest	Covered Bonds may be interest-bearing or non-interest-bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, credit-linked or equity-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series. Covered Bonds may also have a maximum rate of interest, a minimum rate of interest or both (as indicated in the applicable Final Terms). Interest on Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, in each case as may be agreed between the Issuer and the relevant Dealer(s).
Fixed Rate Covered Bonds	Fixed Rate Covered Bonds will bear interest at a fixed rate, which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such day count fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Floating Rate Covered Bonds	<p>Floating Rate Covered Bonds will bear interest at a rate determined:</p> <ul style="list-style-type: none">(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), <p>in each case, as set out in the applicable Final Terms.</p> <p>The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Covered Bonds, as set out in the applicable Final Terms.</p>
Index-Linked and Other Variable-Linked Interest Covered Bonds	Payments of interest in respect of Index-Linked and Other Variable-Linked Interest Covered Bonds (including Covered Bonds bearing credit or equity-linked interest) will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.
Dual Currency Interest Covered Bonds	Payments of interest, whether at maturity or otherwise, in respect of Dual Currency Interest Covered Bonds will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree as set out in the applicable Final Terms.
Zero Coupon Covered Bonds	Zero Coupon Covered Bonds, bearing no interest, may be offered and sold at a discount to their nominal amount, as specified in the applicable Final Terms.
Partly-Paid Covered Bonds	Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms.
Taxation	All payments in relation to Covered Bonds will be made without tax deduction except where required by law. If any tax deduction is made, the Issuer shall be required to pay additional amounts in respect of the amounts

so deducted or withheld, subject to a number of exceptions including deductions on account of Italian substitute tax pursuant to Decree No. 239.

Under the Covered Bond Guarantee, the Guarantor will not be liable to pay any such additional amounts.

For further detail, see Condition 11 (*Taxation*).

Issuer cross default

Each Series of Covered Bonds will cross-accelerate as against each other but will not otherwise contain a cross default provision. Accordingly, neither an event of default in respect of any other indebtedness of the Issuer (including other debt securities of the Issuer) nor acceleration of such indebtedness will of itself give rise to an Issuer Event of Default. In addition, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default, *provided however that*, where a Guarantor Event of Default occurs and the Representative of the Covered Bondholders serves a Guarantor Default Notice upon the Guarantor, such Guarantor Default Notice will accelerate each Series of outstanding Covered Bonds issued under the Programme.

For further detail, see Condition 12 (a) (*Issuer Events of Default*).

Listing and admission to trading

Application has been made for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and to trading on the regulated market of the London Stock Exchange.

Governing Law

The Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law or by any other law as set out in the relevant Final Terms. The Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof will be governed by Italian law, except for the Swap Agreements, if any, and the deed of charge relating to such Swap Agreements, which will be governed by English law and the Luxembourg Deed of Pledge, which will be governed by Luxembourg law.

THE GUARANTOR AND THE COVERED BOND GUARANTEE

Covered Bond Guarantee

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

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

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

Suspension of Payments

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer (the "**Article 74 Event**"), the Guarantor, in accordance with Decree No. 310, shall be responsible for the payments of the Guaranteed Amounts due and payable within the entire period in which

the suspension continues (the "**Suspension Period**").

Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for payment of the amounts due and payable under the Covered Bonds during the Suspension Period at their relevant due dates, *provided that* it shall be entitled to claim any such amounts from the Issuer.

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

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

Issuer Events of Default

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

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

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

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

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

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

For further detail, see Condition 12 (a) (*Issuer Events of Default*)

Guarantor Events of Default

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

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

not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or

- (iv) *Breach of Amortisation Test*: following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 event Cure Notice), the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) *Invalidity of the Covered Bond Guarantee*: the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

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

Upon service of a Guarantor Default Notice upon the Guarantor:

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

Guarantor Available Funds

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor under the Covered Bond Guarantee the Guarantor will:

- apply Interest Available Funds to pay interest due on the Term Loans, but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Interest Priority of Payments (including, but not limited to, the Reserve Fund Amount to be credited to the Reserve Fund Account). For further details of the Pre-Issuer Event of Default Interest Priority of Payments, see "*Cashflows*" below; and
- apply Principal Available Funds towards (subject to compliance with the Tests and, in relation to the relevant Seller, of the Relevant Portfolio Test) repaying Term Loans but only after payment of certain items ranking higher in the relevant Pre-Issuer Event of Default Principal Priority of Payments. For further details of the Pre-Issuer Event of Default Principal Priority of Payments, see

"Cashflows" below.

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

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

Cover Pool

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

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

Limited recourse

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

Term Loans

The Sellers who will initially sell Eligible Assets to the Guarantor in order to provide collateral for the initial issue of Covered Bonds under the Programme are Banca Regionale Europea S.p.A., Banca di Valle Camonica S.p.A., Banca Popolare Commercio e Industria S.p.A. and Banca Popolare di Ancona S.p.A., which have granted to the Guarantor a Term Loan for the purpose of funding the purchase from the relevant Seller of the Eligible Assets included in the initial Cover Pool. Subsequently, each Seller will grant further Term Loans to the Guarantor for the purposes of funding the purchase from the relevant Seller of Eligible Assets and Top-Up Assets in order to remedy a breach of the Tests or to support further issues of Covered Bonds. The Guarantor will pay interest in respect of each Term Loan but will have no liability to gross up for withholding. Payments from the Guarantor to the Sellers under the Term Loans will be limited recourse and subordinated and paid in accordance with the Priorities of Payments to

the extent the Guarantor has sufficient Guarantor Available Funds.

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

Excess Receivables and support for further issues

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

Segregation of Guarantor's rights and collateral

The Covered Bonds benefit from the provisions of Article 7-*bis* of the Securitisation and Covered Bond Law, pursuant to which the Cover Pool is segregated by operation of law from the Guarantor's other assets.

In accordance with Article 7-*bis* of the Securitisation and Covered Bond Law, prior to and following a winding-up of the Guarantor and an Issuer Event of Default or Guarantor Event of Default causing the Covered Bond Guarantee to be called, proceeds of the Cover Pool paid to the Guarantor will be exclusively available for the purpose of satisfying the obligations owed to the Covered Bondholders, to the Swap Providers under the Swap Agreements entered into in the context of the Programme, the Other Issuer Creditors and to the Other Creditors in satisfaction of the transaction costs.

The Cover Pool may not be seized or attached in any form by creditors of the Guarantor other than the entities referred to above, until full discharge by the Guarantor of its payment obligations under the Covered Bond Guarantee or cancellation thereof.

Cross-collateralisation

All Eligible Assets and Top-Up Assets transferred from the Sellers to the Guarantor from time to time or otherwise acquired by the Guarantor and the proceeds thereof form the collateral supporting the Covered Bond Guarantee in respect of all Series of Covered Bonds.

Claim under Covered Bonds

The Representative of the Covered Bondholders, for and on behalf of the Covered Bondholders, may submit a claim to the Guarantor and make a demand under the Covered Bond Guarantee in case of an Issuer Event of Default or Guarantor Event of Default.

Guarantor cross-default

Where a Guarantor Event of Default occurs, the Representative of the Covered Bondholders will serve upon the Guarantor a Guarantor Default Notice, thereby accelerating the Covered Bond Guarantee in respect of each Series of outstanding Covered Bonds issued under the Programme. However, an Issuer Event of Default will not automatically give rise to a Guarantor Event of Default.

For further detail, see Condition 12 (c) (*Guarantor Events of Default*).

Disposal of assets included in the Cover Pool

After the service of an Issuer Default Notice on the Issuer and the Guarantor, the Guarantor will be obliged to sell Eligible Assets in the Cover Pool in accordance with the Cover Pool Management Agreement, subject to pre-emption and other rights of the Sellers in respect of the Eligible Assets pursuant to the relevant Master Loans Purchase Agreement. The proceeds from any such sale will be applied as set out in the applicable Priority of Payments.

For further detail, see Condition 12(c) (*Guarantor Events of Default*).

SALE AND DISTRIBUTION

Distribution

Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions to be set forth in the Programme Agreement.

Certain restrictions

Each Series of Covered Bonds issued will be denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply and will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in the United States, the European Economic Area (including the United Kingdom and the Republic of Italy) and Japan. Other restrictions may apply in connection with the offering and sale of a particular Series of Covered Bonds, see “*Subscription and Sale*” below.

RISK FACTORS

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

General Investment Considerations

Issuer liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds are direct, unsecured, unconditional and unsubordinated obligations, ranking *pari passu* without any preference amongst themselves and equally with its other direct, unsecured, unconditional and unsubordinated obligations. Consequently, any claim directly against the Issuer in respect of the Covered Bonds will not benefit from any security or other preferential arrangement granted by the Issuer.

The Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default and service by the Representative of the Covered Bondholders on the Issuer and on the Guarantor of an Issuer Default Notice or, if earlier, following the occurrence of a Guarantor Event of Default and service by the Representative of the Covered Bondholders of a Guarantor Default Notice. The occurrence of an Issuer Event of Default does not constitute a Guarantor Event of Default. However, failure by the Guarantor to pay amounts due under the Covered Bond Guarantee would constitute a Guarantor Event of Default which would entitle the Representative of the Covered Bondholders to accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable) and the obligations of the Guarantor under the Covered Bond Guarantee. Although the Mortgage Receivables included in the Cover Pool are originated by the Issuer, they are transferred to the Guarantor on a true sale basis and an insolvency of the Issuer would not automatically result in the insolvency of the Guarantor.

Obligations under the Covered Bonds

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

Extraordinary Resolutions and the Representative of the Covered Bondholders

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

In addition, the Representative of the Covered Bondholders may agree to the modification of the Transaction Documents without consulting Covered Bondholders to correct a manifest error or where such modification (i) is of a formal, minor, administrative or technical nature or an error established as such to the satisfaction of the Representative of the Covered Bondholders or (ii) in the opinion of the Representative of the Covered

Bondholders, is not or will not be materially prejudicial to Covered Bondholders. It should also be noted that after the delivery of an Issuer Default Notice, the protection and exercise of the Covered Bondholders' rights against the Issuer will be exercised by the Guarantor (or the Representative of the Covered Bondholders on its behalf). The rights and powers of the Covered Bondholders may only be exercised in accordance with the Rules of the Organisation of the Covered Bondholders. In addition, after the delivery of a Guarantor Default Notice, the protection and exercise of the Covered Bondholders' rights against the Guarantor and the security under the Guarantee is one of the duties of the Representative of the Covered Bondholders. The Conditions limit the ability of each individual Covered Bondholder to commence proceedings against the Guarantor by conferring on the Meeting of the Covered Bondholders the power to determine in accordance with the Rules of Organisation of the Covered Bondholders, whether any Covered Bondholder may commence any such individual actions.

Representative of the Covered Bondholders' powers may affect the interests of the Covered Bondholders

In the exercise of its powers, trusts, authorities and discretions the Representative of the Covered Bondholders shall only have regard to the interests of the Covered Bondholders and the Other Creditors, as applicable, but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between these interests the Representative of the Covered Bondholders shall have regard solely to the interests of the Covered Bondholders. In the exercise of its powers, trusts, authorities and discretions, the Representative of the Covered Bondholders may not act on behalf of the Sellers.

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Representative of the Covered Bondholders is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Representative of the Covered Bondholders shall not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding.

Extendable obligations under the Covered Bond Guarantee

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

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

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

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

Limited secondary market

There is, at present, a secondary market for the Covered Bonds but it is neither active nor liquid, and there can be no assurance that an active or liquid secondary market for the Covered Bonds will develop. The Covered Bonds have not been, and will not be, offered to any persons or entities in the United States of America or registered under any securities laws and are subject to certain restrictions on the resale and other transfers thereof as set forth under "*Subscription and Sale*". If an active or liquid secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Illiquidity may have a severely adverse effect on the market value of Covered Bonds. In addition, Covered Bonds issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Covered Bonds may be adversely affected. In an illiquid market, an investor might not be able to sell its Covered Bonds at any time at fair market prices. The possibility to sell the Covered Bonds might additionally be restricted by country specific reasons.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds 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 Covered Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency equivalent market value of the Covered Bonds. 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.

Controls over the transaction

The Bank of Italy Regulations require that certain controls be performed by the Issuer aimed at, *inter alia*, mitigating the risk that any obligation of the Issuer or the Guarantor under the Covered Bonds is not complied with. Whilst the Issuer believes it has implemented the appropriate policies and controls in compliance with the relevant requirements, investors should note that there is no assurance that such compliance ensures that the aforesaid controls are actually performed and that any failure to properly implement the respective policies and controls could have an adverse effect on the Issuers' or the Guarantor's ability to perform their obligations under the Covered Bonds.

EU Savings Tax Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent (within the meaning of the EU Savings Directive) within its jurisdiction to, or collected by such a paying agent for, an individual resident in that other Member State; however, for a transitional period, Austria and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments. Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a paying agent in a Member State to, or collected by such a paying agent for, an individual resident in one of those territories. 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 Covered Bond as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Changes of law

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

U.S. Foreign Account Tax Compliance Withholding

The Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31 December 2016 in respect of any Covered Bonds issued or materially modified after 31 December 2012, or that are treated as equity for U.S. federal income tax purposes whenever issued, pursuant to Sections 1471 through 1474 of the Code, U.S. Treasury regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto ("**FATCA**"). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (an "**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide certain information on its account holders (making the Issuer a "**participating FFI**"), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii) (a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer or such other non-U.S. financial institution, or (b) an investor does not consent, where necessary, to have its information disclose to the IRS, or (c) any FFI through or to which payment on such Covered Bonds is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Covered Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds.

Securitisation and Covered Bond Law

The Securitisation and Covered Bond Law was enacted in Italy in April 1999 and amended to allow for the issuance of covered bonds in 2005. As at the date of this Prospectus, no interpretation of the application of the Securitisation and Covered Bond Law as it relates to covered bonds has been issued by any Italian court or governmental or regulatory authority, except for (i) the Decree of the Italian Ministry for the Economy and Finance No. 310 of 14 December 2006 ("**Decree No. 310**"), setting out the technical requirements for the guarantee which may be given in respect of covered bonds and (ii) Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006), as amended and supplemented from time to time (the "**Bank of Italy Regulations**") concerning guidelines on the valuation of assets, the procedure for purchasing top-up assets and controls required to ensure compliance with the legislation. Consequently, it is possible that such or different authorities may issue further regulations relating to the Securitisation and Covered Bond Law or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

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

An investor's total return on an investment in any Covered Bonds will be affected by the level of fees charged by the nominee service provider and/or clearing system used by the investor. Such a person or institution may charge fees for the opening and operation of an investment account, transfers of Covered Bonds, custody

services and on payments of interest, principal and other amounts. Potential investors are therefore advised to investigate the basis on which any such fees will be charged on the relevant Covered Bonds.

Priority of Payments

Recent English insolvency and U.S. bankruptcy court rulings may restrain parties from making or receiving payments in accordance with the order of priority agreed between them.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty (so-called "flip clauses").

The English Supreme Court has held that a flip clause as described above is valid under English law. Contrary to this, however, the U.S. Bankruptcy Court has held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. The implications of this conflicting judgment are not yet known, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed.

If a creditor of the Guarantor (such as the Swap Providers) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales, and it is owed a payment by the Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Italian law governed Transaction Documents. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Counterparty, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). If a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Guarantor to satisfy its obligations under the Covered Bonds.

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

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

Covered Bonds subject to optional redemption by the Issuer

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

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

Index-Linked Covered Bonds and Dual Currency Covered Bonds

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "**Relevant Factor**"). In addition, the Issuer may issue Covered Bonds with principal or interest payable

in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

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

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

Partly-paid Covered Bonds

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

Zero Coupon Covered Bonds

The Issuer may issue Covered Bonds bearing no interest, which may be offered and sold at a discount to their nominal amount. Such Covered Bonds are characterised by the circumstance that the relevant Covered Bondholders, instead of benefitting from periodical interest payments, shall be granted an interest income consisting in the difference between the redemption price and the issue price, which difference shall reflect the market interest rate. A holder of a zero coupon Covered Bond is exposed to the risk that the price of such Covered Bond falls as a result of changes in the market interest rate. Prices of zero coupon Covered Bonds are more volatile than prices of fixed rate covered bonds and are likely to respond to a greater degree to market interest rate changes than interest bearing covered bonds with a similar maturity. Generally, the longer the remaining terms of such Covered Bonds, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable rate Covered Bonds with a multiplier or other leverage factor

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

Fixed/Floating Rate Covered Bonds

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

converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

Interest rate risks

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

Floating rate risks

Investment in Floating Rate Covered Bonds involves the risk for the Covered Bondholders of fluctuating interest rate levels and uncertain interest earnings.

Covered Bonds issued at a substantial discount or premium

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

Prospectus to be read together with applicable Final Terms

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

Investment Considerations relating to the Issuer

Risks associated with general economic, financial and other business conditions

The results of the UBI Banca Group are affected by the global economic and financial conditions. During recessionary periods, there may be less demand for loan products and a greater number of the UBI Banca Group's customers may default on their loans or other obligations. Interest rate rises may also have an impact on the demand for mortgages and other loan products. Fluctuations in interest rates in the Eurozone influence its performance. These risks are exacerbated by concerns over the levels of the public debt of certain Euro-zone countries and their relative weaknesses. There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert "contagion" to other countries. A rating downgrade might restrict the availability of funding or increase its cost for individuals and companies at a local level. This might have a material adverse effect on the Group's operating results, financial conditions and business outlook.

Furthermore, if sentiment towards the banks and/or other financial institutions operating in Italy were to deteriorate materially, or if the UBI Banca Group's ratings and/or the ratings of the sector were to be further adversely affected, this may have a materially adverse impact on the Group. In addition, such change in sentiment or reduction in ratings could result in an increase in the costs and a reduction in the availability of wholesale market funding across the financial sector which could have a material adverse effect on the liquidity and funding of all Italian financial services institutions, including the UBI Banca Group.

Pressures on sovereign bond prices, as a result of speculation, may directly affect the fair value of UBI Banca Group's exposures to sovereign debt securities and loans, resulting in losses, write-downs and impairment charges.

Furthermore, the concerns on sovereign perceived creditworthiness may also impact both the availability and the cost of funding. In fact, the deterioration of the sovereign perceived risk could affect the price or raise the collateral requirements (eligibility criteria) of securities used by banks to secure funding from private markets (for instance, repos) or from central banks, reducing the availability of funding or increasing its costs.

Finally, to face the sovereign debt crisis, the Italian Parliament has recently approved many austerity measures, including a tax treatment of securities issued by banks that now render these less attractive to investors and which could increase the funding costs for UBI Banca Group.

Any further downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur could severely destabilise the markets and have a material adverse effect on the operating results, financial condition and prospects of UBI Banca Group as well as on the marketability of the Covered Bonds. This might also impact on UBI Banca Group's credit ratings, borrowing costs and access to liquidity. Any further Italian sovereign downgrade or the perception that such a downgrade may occur would likely have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, depressing economic activity, increasing unemployment, reducing asset prices and consequently increasing the risk of a "double dip" recession. These risks are exacerbated by concerns over the level of the public debt of, and the weakness of the economy in, Ireland, Greece, Portugal, Spain and Italy in particular. Further instability within these countries or other countries within the Euro-zone might lead to contagion.

Impact of events which are difficult to anticipate

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

Market declines and volatility

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

The ongoing economic crisis may also negatively affect the real estate market and value of collateral securing loans with an adverse impact on the fair value of UBI Banca Group's secured loans and mortgages, entailing additional provisions or reserve requirements. Moreover, when a debtor defaults on his collateralised loans or obligations, the value of the collateral could not be sufficient to meet the claims of the creditors so that UBI Banca Group may not recover the full expected amount due.

Credit and market risk

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

Protracted market declines and reduced liquidity in the markets

In some of the UBI Banca Group's businesses, protracted adverse market movements, particularly the decline of asset prices, can reduce market activity and market liquidity. These developments can lead to material losses if the UBI Banca Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets that did not enjoy a very liquid market to begin with. The value of assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may be calculated by the UBI Banca Group using models other than publicly quoted prices. Monitoring the deterioration of the prices of assets like these is difficult and failure to do so effectively could lead to unanticipated losses. This in turn could adversely affect the UBI Banca Group's operating results and financial condition.

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

The Issuer's business is subject to risks concerning liquidity

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

The global financial system still has to overcome some of the difficulties which began in August 2007 and which were intensified by the bankruptcy of Lehman Brothers in September 2008. Financial market conditions have remained challenging and, in certain respects, have deteriorated. In addition, the continued concern about sovereign credit risks in the Euro-zone and Italy in particular has progressively intensified, and International Monetary Fund and European Union financial support packages have been agreed for Greece, Ireland and Portugal.

Credit quality has generally declined, as reflected by the downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis. The large sovereign debts and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries.

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

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

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

The Issuer's financial performance is affected by "systemic risk"

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

adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the Issuer interacts on a daily basis and therefore could adversely affect the Issuer.

The Issuer's financial performance is affected by borrower credit quality and general economic conditions, in particular in Italy and Europe

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

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

As discussed in "The Issuer's business is subject to risks concerning liquidity" above, these risks are exacerbated by concerns over the levels of the public debt of certain Euro-zone countries and their relative weaknesses. There can be no assurance that the European Union and International Monetary Fund initiatives aimed at stabilising the market in Greece, Portugal and Ireland will be sufficient to avert "contagion" to other countries. A rating downgrade in one of the countries in which the Issuer operates might restrict the availability of funding or increase its cost for individuals and companies at a local level. This might have a material adverse effect on the Issuer's operating results, financial conditions and business outlook.

Risk management and exposure to unidentified or unanticipated risks

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

Changes in interest rates

Fluctuations in interest rates influence the UBI Banca Group's financial performance. The results of the UBI Banca Group's banking operations are affected by its management of interest rate sensitivity and, in particular, changes in market interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the UBI Banca Group's financial condition or results of operations. In addition, in recent years, the Italian banking sector has been characterised by increasing competition which, together with the low level of interest rates, has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins. In particular, such competition has had two main effects:

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

Both of the above factors may adversely affect the Issuer's financial condition and results of operations. In addition, downturns in the Italian economy could cause pressure on the competition through, for example, increased price pressure and lower business volumes for which to compete.

Operational risk

The UBI Banca Group, like all financial institutions, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty information technology or telecommunication systems. The UBI Banca Group's systems and processes are designed to ensure that the operational risks associated with its activities are appropriately monitored. Any failure or weakness in these systems, could however adversely affect its financial performance and business activities. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either the Issuer or the UBI Banca Group will be unable to comply with its obligations as a company with securities admitted to the Official List.

Reliance on primary geographic markets

Although the UBI Banca Group has a widespread geographic distribution in Italy consisting of 1,875 branches (as at 31 December 2011), over 66 per cent of its branches are located in northern Italy. The Issuer has strong territorial roots in certain regions where it has historically operated (particularly Lombardy, Piedmont, Marches and Apulia). The UBI Banca Group relies for its distribution system on local banks with long-standing, deep-rooted traditions in their respective territories.

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

A downgrade of any of the Issuer's ratings (for whatever reason) might result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer's ratings may limit the Issuer's opportunities to extend mortgage loans and may have a particularly adverse effect on the Issuer's image as a participant in the capital markets, as well as in the eyes of its clients. These factors may have an adverse effect on the Issuer's financial condition and/or results of operations.

Legal proceedings

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

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

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

Changes in regulatory framework and accounting policies

The UBI Banca Group is subject to extensive regulation and supervision by the Bank of Italy, CONSOB (the Italian securities markets regulator), the European Central Bank and the European System of Central Banks. The banking laws to which the UBI Banca Group is subject govern the activities in which banks and banking foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the UBI Banca Group must comply with financial services laws that govern its marketing and selling practices. One particularly significant change in regulatory requirements affecting the UBI Banca Group will be the future implementation of the new regulatory framework known as Basel III aiming to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector.

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

Adverse regulatory developments including changes in tax laws

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

The Issuer is required to hold a licence for its operations and is subject to regulation and supervision by authorities in Italy and in all other jurisdictions in which it operates. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. Regulators and supervisory authorities seem to be taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems, people and compliance which may place additional burdens or restrictions on the Issuer. The Issuer is also subject to extensive regulation and supervision by the Bank of Italy, CONSOB, the European Central Bank and the European System of Central Banks. The banking laws to which the Issuer is subject govern the activities in which banks and foundations may engage and are designed to maintain the safety and soundness of banks, and limit their exposure to risk. In addition, the Issuer must comply with financial services laws that govern its marketing and selling practices. The regulatory framework governing international financial markets is currently being amended in response to the credit crisis, and new legislation and regulations are being introduced in Italy and the European Union that will affect the Issuer including proposed regulatory initiatives that could significantly alter the Issuer's capital requirements, such as the following:

- The Bank of Italy issued in 2010 and early 2011 a series of amendments of Bank of Italy Circular No. 263 of 27 December 2006 (*Nuove Disposizioni di Vigilanza Prudenziale delle Banche*) as amended and supplemented (the “**Bank of Italy Regulations**”) in order to adopt the provisions of EU Directive 2009/27/EC, 2009/83/EC and 2009/111/EC (together, “**CRD II**”), which amended EU Directives 2006/48/EC (the “**CRD**”) and 2006/49/EC and has changed, *inter alia*, the criteria for assessing capital eligible to be included in Tier I Capital and may require the Issuer to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria.
- EU Directive 2010/76/EU (“**CRD III**”) was issued on 24 November 2010 amending further the CRD as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies. This Directive introduces a number of changes in response to the recent and current market conditions, such as:
 - (i) increase of capital requirements for trading books to ensure that a bank's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
 - (ii) imposition of higher capital requirements for re-securitisations to make sure that banks take proper account of the risks of investing in such complex financial products;
 - (iii) disclosure of more information on banks' exposure to securitisation risks, such as exposures in the trading book and sponsorship of off-balance sheet vehicles; and
 - (iv) restriction on the remuneration payable to individuals fulfilling roles with potential impact on a bank's risk profile.

Such changes have already come into force in Italy.

- In December 2010, January 2011 and July 2011, the Basel Committee on Banking Supervision (the “**Basel Committee**”), issued documents containing a capital and liquidity reform package (the “**Basel III proposal**”). The main proposals are summarised as follows:
 - (i) revision of the regulatory capital definition and its components, setting higher minimum levels for Common Equity Tier I and Tier I capital adequacy ratios and introducing requirements for non-Core Tier I and Tier II capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability;

- (ii) introduction of a capital conservation buffer designed to ensure that banks build up capital buffers outside periods of stress which can be drawn down as losses are incurred and a countercyclical buffer, and measures aimed at ensuring that systemically important financial institutions have loss absorbing capacities which go beyond the minimum Basel III standards, in order to ensure that banking sector capital requirements take into account the macro-financial environment in which banks operate;
- (iii) enhancement of risk coverage of the capital requirements framework, especially regarding derivatives and other off balance sheet items (counterparty credit risk), the exposures to central counterparties (“CCPs”) and the values of the risk parameters under stress conditions (market, credit and counterparty credit risk);
- (iv) introduction of a leverage ratio requirement as a supplementary measure to the risk based capital requirements;
- (v) promotion of stronger provisioning practices mainly by moving towards a forward looking (Expected Loss) provisioning approach; and
- (vi) introduction of global common liquidity measurement standards for the banking sector, which will subject banks to minimum quantitative requirements for liquidity and increased risk weightings for “illiquid” assets.

In order to facilitate the implementation of the Basel III capital and liquidity standards in Europe, in July 2011 the European Commission proposed a legislative package to strengthen the regulation of the banking sector. This package is known as ‘**CRD IV**’. CRD IV will replace the current Capital Requirements Directives (2006/48 and 2006/49) with a directive and a regulation and aims to create a sounder and safer financial system. The CRD IV directive governs access to deposit-taking activities while the CRD IV regulation establishes the prudential requirements institutions need to respect. It is expected that the implementation of CRD IV will begin to take effect in national legislation as of 1 January 2013 and that the application in full of all measures will have to be completed before 1 January 2019. Significant uncertainty remains around the implementation of some of these initiatives. To the extent certain of these measures are implemented as currently proposed or announced, in particular the changes proposed or announced by the Basel Committee, they would be expected to have a significant impact on the capital and asset and liability management of the Issuer.

Such changes in the regulatory framework and in how such regulations are applied may have a material effect on the Issuer’s business and operations. As the new framework of banking laws and regulations affecting the Issuer is currently being implemented, the manner in which those laws and related regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Issuer. Prospective investors in the Covered Bonds should consult their own advisers as to the consequences for them of the application of the above regulations as implemented by each Member State.

Investment Considerations relating to the Guarantor

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

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

Subject to any grace period, if the Guarantor fails to make a payment when due for payment under the Covered Bond Guarantee or any other Guarantor Event of Default occurs, then the Representative of the Covered

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

Limited resources available to the Guarantor

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

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

Reliance of the Guarantor on third parties

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

If a Master Servicer Termination Event occurs pursuant to the terms of the Master Servicing Agreement, then the Guarantor and/or the Representative of the Covered Bondholders will be entitled to terminate the appointment of the Master Servicer and, automatically, of any Sub-Servicer and appoint a new master servicer in its place. There can be no assurance that a substitute master servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans on the terms of the Master Servicing Agreement. The ability of a substitute master servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute master servicer may affect the realisable value of the Cover Pool or any part thereof, and/or the ability of the Guarantor to make payments under the Covered Bond Guarantee.

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

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

Reliance on Swap Providers

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

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

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

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

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

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

Differences in timings of obligations under the Liability Swaps

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

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

No gross up on withholding tax

In respect of payments made by the Guarantor under the Covered Bond Guarantee, to the extent that the Guarantor is required by law to withhold or deduct any present or future taxes of any kind imposed or levied by or on behalf of the Republic of Italy from such payments, the Guarantor will not be under an obligation to pay

any additional amounts to Covered Bondholders, irrespective of whether such withholding or deduction arises from existing legislation or its application or interpretation as at the relevant Issue Date or from changes in such legislation, application or official interpretation after the Issue Date.

Limited description of the Cover Pool

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

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

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

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

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

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

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

If a Guarantor Event of Default occurs and a Guarantor Default Notice is served on the Guarantor, then the Representative of the Covered Bondholders will be entitled to enforce the Covered Bond Guarantee and to apply the proceeds deriving from the realisation of the Cover Pool towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments, as described in the section entitled "*Cashflows*" below.

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

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

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

- default by Debtors of amounts due on their Mortgage Loans;

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

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

Default by Debtors in paying amounts due on their Mortgage Loans

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

Changes to the lending criteria of the Sellers

Each of the Mortgage Loans originated by the Sellers will have been originated in accordance with its lending criteria at the time of origination. Each of the Mortgage Loans sold to the Guarantor by the Sellers, but originated by a person other than a Seller (an "**Originator**"), will have been originated in accordance with the lending criteria of such Originator at the time of origination. It is expected that the relevant Seller's or the relevant Originator's, as the case may be, lending criteria will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, mortgage indemnity guarantee policies, high loan-to-value fees, status of applicants and credit history. In the event of the sale or transfer of any Mortgage Loans to the Guarantor, the Sellers will warrant that (a) such Mortgage Loans as were originated by it were originated in accordance with the Seller's lending criteria applicable at the time of origination and (b) such Mortgage Loans as were originated by an Originator, were originated in accordance with the relevant Originator's lending criteria applicable at the time of origination. The Sellers retain the right to revise their lending criteria from time to time subject to the terms of the Master Loans Purchase Agreement. An Originator may additionally revise its lending criteria at any time. However, if such lending criteria change in a manner that affects the creditworthiness of the Mortgage Loans, that may lead to increased defaults by Debtors and may affect the realisable value of the Cover Pool and the ability of the Guarantor to make payments under the Covered Bond Guarantee. However, it should be noted that Defaulted Loans in the Cover Pool will be given a reduced weighting for the purposes of the calculation of the Statutory Tests and the Amortisation Test.

Legal risks relating to the Mortgage Loans

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

Set-off risks

The assignment of receivables under the Securitisation and Covered Bond Law is governed by article 58, paragraph 2, 3 and 4, of the Consolidated Banking Act. According to the prevailing interpretation of such

provision, such assignment becomes enforceable against the relevant debtors as of the later of (i) the date of the publication of the notice of assignment in the Official Gazette (*La Gazzetta Ufficiale della Repubblica Italiana*), and (ii) the date of registration of the notice of assignment in the local Companies' Registry. Consequently, the rights of the Guarantor may be subject to the direct rights of the Debtors against the Seller or, as applicable the relevant Originator, including rights of set-off on claims arising existing prior to notification in the Official Gazette and registration at the local Companies' Registry. In addition, the exercise of set-off rights by Debtors may adversely affect any sale proceeds of the Cover Pool and, ultimately, the ability of the Guarantor to make payments under the Covered Bond Guarantee.

Usury Law

Italian Law number 108 of 7 March 1996, as amended by law decree No. 70 of 13 May 2011 (the "**Usury Law**") introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the "**Usury Rates**") set every three months on the basis of a Decree issued by the Italian Treasury (the last such Decree having been issued on 26 March 2012). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or remuneration may be held to be usurious if: (i) they are disproportionate to the amount lent (taking into account the specific circumstances of the transaction and the average rate usually applied for similar transactions) and (ii) the person who paid or agreed to pay was in financial and economic difficulties. The provision of usurious interest, advantages or remuneration has the same consequences as non-compliance with the Usury Rates. In certain judgements issued during 2000, the Italian Supreme Court (*Corte di Cassazione*) ruled that the Usury Law applied both to loans advanced prior to and after the entry into force of the Usury Law. The amount payable by the Debtors pursuant to the Mortgage Loans may be subject to reduction, if deemed to be usurious.

Compound interest

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

Consumer Credit Legislation

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

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

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

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

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

Law no. 3 of 27 January 2012

Law no. 3 of 27 January 2012, published in the Official Gazette of the Republic of Italy no. 24 of 30 January 2012 (the "**Over Indebtedness Law**") has become effective as of 29 February 2012 and introduced a new procedure, by means of which, *inter alia*, debtors who: (i) are in a state of over indebtedness (*sovraindebitamento*), and (ii) cannot be subject to bankruptcy proceedings or other insolvency proceedings pursuant to the Italian Bankruptcy Law, may request to enter into a debt restructuring agreement (*accordo di ristrutturazione*) with their respective creditors, provided that in respect of future proceedings, the relevant debtor has not made recourse to the debt restructuring procedure enacted by the Over Indebtedness Law during the preceding 3 years.

The Over Indebtedness Law provides that the relevant debt restructuring agreement, subject to the relevant court approval, shall entail, *inter alia*: (i) the renegotiation of payments' terms with the relevant creditors; (ii) the full payment of the secured creditors; (iii) the full payment of any other creditors which are not part of the debt restructuring agreement (provided that the payments due to any creditors which have not approved the debt restructuring agreement, including any secured creditors, may be suspended for up to one year); and (iv) the possibility to appoint a trustee for the administration and liquidation of the debtor's assets and the distribution to the creditors of the proceeds of the liquidation.

Should the debtors under the Portfolio enter into such debt restructuring agreement (be it with the Issuer or with any other of its creditors), the Issuer could be subject to the risk of having the payments due by the relevant debtor suspended for up one year.

Mortgage borrower protection

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

- the right of prepayment of the principal amount of the mortgage loan, without incurring a penalty or, in respect of mortgage loan agreements entered into before 2 February 2007, at a reduced penalty rate (Law Decree of 31 January 2007, the "**Bersani Decree**");
- right to the substitution (*portabilità*) of a mortgage loan with another mortgage loan and/or the right to request subrogation by an assignee bank into the rights of their creditors (*surrogazione per volontà del debitore*), by eliminating the limits and costs previously borne by the borrowers for the exercise of such right the right of first home-owners to suspend instalment payments under mortgage loans up to a maximum of two times and for a maximum aggregate period of 18 months (Italian Law No. 244 of 24 December 2007, the "**2008 Budget Law**"). If the subrogation has not been executed within 30 days from the date of the assignee bank's request of the interbank collaboration procedures, the original bank shall indemnify the mortgage debtor an amount equal to 1 per cent. of the mortgage value for each month or part of a month of delay. In the event the delay is due to circumstances ascribed to the assignee bank, the original bank shall be entitled to recover from the assignee bank an amount equal to the indemnity paid to the mortgage debtor;
- the right to suspend the payment of instalments relating to mortgage loans for a 12 months period, where requested by the relevant Debtor during the period from 1 February 2010 to 31 July 2012 (Convention between ABI and the consumers' associations stipulated on 18 December 2009 and extended on, respectively, 26 January 2011, 25 July 2011 and on 31 January 2012, the "**Piano Famiglie**");
- the right to benefit from the provision according to which the amount of the instalments payable during 2009 by a mortgage debtor and granted prior to 31 October 2008 for the purchase, construction or renovation of their primary residence (*mutui prima casa*) is calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually agreed and applicable as of date of execution of the relevant mortgage loan agreement;
- any potential difference between the amount of the instalments calculated by reference to the higher of 4 per cent. (without spread, expenses or any other form of margin) and the interest rate contractually

agreed and applicable as of the date of execution of the relevant mortgage loan agreement will be borne by the Italian State;

- the right to renegotiate, subject to certain conditions and up to 31 December 2012, the floating rate or the final maturity of the mortgage loans executed prior to (and excluding) 14 May 2011 for the purpose of purchasing, building or for the maintenance of the debtors' principal residence (law decree number 70 of 13 May 2011 as converted into Law no. 106 of 12 July 2011, the "**Decreto Sviluppo**"); and
- the right to suspend the payments of instalments due under the relevant loans in favour of certain debtors resident in the municipalities of the Veneto Region affected by the flood events occurred in such places in the period from 31 October to 2 November 2010 (order no. 3906 issued by the Prime Minister (*Presidente del Consiglio dei Ministri*) on 13 November 2010, as amended on 7 May 2011, the "**Ordinanza**").

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

TERMS AND CONDITIONS OF THE COVERED BONDS

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

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

1. Introduction

(a) Programme

Unione di Banche Italiane S.c.p.A. (the "**Issuer**") has established a Covered Bond Programme (the "**Programme**") for the issuance of up to Euro 5,000,000,000 in aggregate principal amount of covered bonds (the "**Covered Bonds**") guaranteed by UBI Finance CB 2 S.r.l. (the "**Guarantor**"). Covered Bonds are issued pursuant to Article 7-bis of Law No. 130 of 30 April 1999 (as amended and supplemented from time to time)(the "**Securitisation and Covered Bond Law**"), Ministerial Decree No. 310 of the Ministry for the Economy and Finance of 14 December 2006, as amended and supplemented from time to time ("**Decree No. 310**") and Title V, Chapter 3 of the "*Nuove Disposizioni di Vigilanza Prudenziale per le Banche*" (Circolare No. 263 of 27 December 2006), as amended and supplemented from time to time (the "**Bank of Italy Regulations**").

(b) Final Terms

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

(c) Covered Bond Guarantee

Each Series of Covered Bonds is the subject of a guarantee dated 2 April 2012 (the "**Covered Bond Guarantee**") entered into by the Guarantor for the purpose of guaranteeing the payments due from the Issuer in respect of the Covered Bonds of all Series issued under the Programme and to the Other Issuer Creditors. The Covered Bond Guarantee will be collateralised by a cover pool constituted by certain assets assigned from time to time to the Guarantor pursuant to the relevant Master Loans Purchase Agreement (as defined below) and in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

(d) Programme Agreement and Subscription Agreement

In respect of each Tranche of Covered Bonds issued under the Programme, the Relevant Dealer(s) (as defined below) has or have agreed to subscribe for the Covered Bonds and pay the Issuer the issue price specified in the Final Terms for the Covered Bonds on the Issue Date under the terms of a programme agreement dated 2 April 2012 (the "**Programme Agreement**") between the Issuer, the Guarantor, the Sellers, the Representative of the Covered Bondholders and the dealer(s) named therein (the "**Dealers**"), as supplemented (if applicable) by a subscription agreement entered into by the Issuer, the Guarantor and the Relevant Dealer(s) (as defined below) on or around the date of the relevant Final Terms (the "**Subscription Agreement**"). In the Programme Agreement, the Dealers have appointed BNY Mellon Corporate Trustee Services Limited as representative of the Covered Bondholders (in such capacity, the "**Representative of the Covered Bondholders**"), as described in Condition 14 (*Representative of the*

Covered Bondholders) and pursuant to the Intercreditor Agreement (as defined below), the Programme Agreement and the relevant Final Terms of each Series of Covered Bonds.

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

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

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

In a master definitions agreement dated 2 April 2012 (the "**Master Definitions Agreement**") between certain of the parties to each of the Transaction Documents (as defined below), the definitions of certain terms used in the Transaction Documents have been agreed.

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

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

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

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

(i) ***Summaries***

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

2. Definitions and Interpretation

(a) ***Definitions***

Unless defined under Condition 1 (*Introduction*) above, in these Conditions the following expressions have the following meanings:

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

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

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

"**Amortisation Test**" means the tests which will be carried out pursuant to clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date;

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in clause 3.2 (*Amortisation Test Aggregate Loan Amount*) of the Cover Pool Management Agreement;

"Asset Monitor" means Mazars S.p.A., acting in its capacity as asset monitor pursuant to the engagement letter entered into with the Issuer, on or about the date hereof and the Asset Monitor Agreement.

"Asset Monitor Agreement" means the asset monitor agreement entered into on or about the hereof between, *inter alios*, the Asset Monitor and the Issuer;

"Asset Swap Agreements" means any asset swap agreement that may be entered into between the Guarantor and each Seller as Asset Swap Provider;

"Business Day" means:

- (i) in relation to any sum payable in Euro, a TARGET2 Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

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

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

"Calculation Agent" means Unione di Banche Italiane S.c.p.A. acting as calculation agent or any such other institution as may be appointed pursuant to the Cash Allocation, Management and Payments Agreement;

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

"**Calculation Date**" means the last calendar day of each month;

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

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

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

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

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

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about 29 February 2012, between the Guarantor and the Guarantor Corporate Servicer, pursuant to which the Guarantor Corporate Servicer will provide certain administration services to the Guarantor;

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into, on or about the date hereof between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders;

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

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

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

- "D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and
- "D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and
- (vii) if "**30E/360 (ISDA)**" is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

- "Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;
- "Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;
- "M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;
- "D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and
- "D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

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

"**Decree No. 239**" means Italian Legislative Decree number 239 of 1 April 1996;

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements;

"**Deed of Pledge**" means the Italian law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors);

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

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

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

"**Euroclear**" means Euroclear Bank S.A./N.V., with offices at 1 Boulevard du Roi Albert II, B-1210 Bruxelles;

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

"Extended Maturity Date" means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

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

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

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

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

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

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

"Guarantor Corporate Servicer" means TMF Management Italy S.r.l., acting in its capacity as corporate servicer of the Guarantor pursuant to the Corporate Services Agreement.

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

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

"Guarantor Payment Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28th day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement;

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

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

it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or

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

"Intercreditor Agreement" means the intercreditor agreement entered into, on or about the date hereof between the Guarantor and the Other Creditors;

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

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

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

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

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

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

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

"Issue Date" has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms;

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

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

"Italian Account Bank" means Unione di Banche Italiane S.c.p.A., in its capacity as Italian account bank, or any such other depository institution as may be appointed pursuant to the Cash Allocation, Management and Payments Agreement.

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

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

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

"Luxembourg Account Bank" means UBI Banca International S.A., acting in its capacity as Luxembourg account bank or any such other depository institution as may be appointed in accordance with the Cash Allocation, Management and Payments Agreement;

"Luxembourg Deed of Pledge" means the Luxembourg law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to pledge the Luxembourg Accounts;

"Mandate Agreement" means the mandate agreement entered into, on or about the date hereof between the Representative of the Covered Bondholders and the Guarantor;

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

"Master Loans Purchase Agreement" means each master loans purchase agreement entered into on 29 February 2012 between the Guarantor and a Seller;

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

"Master Servicing Agreement" means the master servicing agreement entered into on 29 February 2012, between the Guarantor, the Issuer, the Master Servicer, the Service Providers and the Sub-Servicers;

"Maturity Date" means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date;

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

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

"Monte Titoli Account Holders" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quater of the Financial Law Consolidated Act;

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

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

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

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

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

"Other Creditors" means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor, any Asset Swap Providers, the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme;

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

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

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

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

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

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

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

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

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

"Priority of Payments" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments;

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

"Put Option Notice" means a notice of exercise relating to the put option contained in Condition 9(e) (*Redemption at the option of the Covered Bondholders*), substantially in the form set out in Schedule 6 to the Cash Allocation, Management and Payments Agreement, or such other form which may, from time to time, be agreed between the Issuer and the Principal Paying Agent;

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

"Quotaholders' Agreement" means the agreement entered into, on or about the date hereof between UBI Banca, Stichting Viola, the Guarantor and the Representative of the Covered Bondholders;

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

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

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

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

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

"Regular Period" means:

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

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

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

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

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

"Relevant Screen Page" means the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the relevant Final

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

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

"Security" means the security created pursuant to the Deeds of Pledge, the Luxembourg Deed of Pledge and the Deed of Charge if any;

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

"Service Provider" means each Seller, other than UBI Banca, in its capacity as service provider pursuant to the Master Servicing Agreement and, collectively, the **"Service Providers"**;

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

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

"Specified Office" means, in relation to the Principal Paying Agent its Italian branch at Via Carducci 31, 20123 Milan, Italy, with respect to the Guarantor Servicer, Foro Buonaparte, 74, 20121 Milan, Italy, with respect to the Calculation Agent, Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy, and with respect to the Luxembourg Account Bank, its 37A Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, or, in each case, such other address as it may specify in accordance with the provisions of the Luxembourg Account Bank Agreement;

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

"Statutory Tests" means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further defined under Clause 2 (*Statutory Test*) of the Cover Pool Management Agreement;

"Subordinated Lender" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement;

"Subordinated Loan Agreement" means each subordinated loan agreement entered into on 29 February 2012 between a Subordinated Lender and the Guarantor;

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

"Subsidiary" has the meaning ascribed to such term in Article 2359 of the Italian Civil Code;

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

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

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

"Test Grace Period" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the 3rd (third) following Calculation Date;

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

"Transaction Documents" means each Master Loans Purchase Agreement, the Master Servicing Agreement, each Warranty and Indemnity Agreement, the Cash Allocation, Management and Payments Agreement, the Programme Agreement, each Subscription Agreement, the Cover Pool Management Agreement, the Intercreditor Agreement, each Subordinated Loan Agreement, the Asset Monitor Agreement, the Covered Bond Guarantee, the Corporate Services Agreement, the Swap Agreements, the

Mandate Agreement, the Quotaholders' Agreement, these Conditions, the Deed of Charge, the Deeds of Pledge, the Master Definitions Agreement, each Final Terms and any other agreement which will be entered into from time to time in connection with the Programme;

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into on 29 February 2012 between a Seller and the Guarantor; and

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

(b) ***Interpretation***

In these Conditions:

- (i) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Series of Cover Bonds and any other amount in the nature of principal payable pursuant to these Conditions;
- (ii) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (iii) if an expression is stated in Condition 2(a) (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Cover Bonds;
- (iv) any reference to a Transaction Document shall be construed as a reference to such Transaction Document, as amended and/or supplemented up to and including the Issue Date of the relevant Covered Bonds;
- (v) any reference to a party to a Transaction Document (other than the Issuer and the Guarantor) shall, where the context permits, include any Person who, in accordance with the terms of such Transaction Document, becomes a party thereto subsequent to the date thereof, whether by appointment as a successor to an existing party or by appointment or otherwise as an additional party to such document and whether in respect of the Programme generally or in respect of a single Tranche only; and
- (vi) any reference in any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

3. Form, Denomination and Title

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

4. Status and Guarantee

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

The Covered Bonds constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* without preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated

obligations of the Issuer from time to time outstanding. In the event of a compulsory winding-up (*liquidazione coatta amministrativa*) of the Issuer, any funds realised and payable to the Covered Bondholders will be collected by the Guarantor on their behalf.

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

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

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

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

5. Fixed Rate Provisions

(a) ***Application***

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

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

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Fixed Coupon Amount***

The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Covered Bonds are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.

(d) ***Calculation of interest amount***

The amount of interest payable in respect of each Covered Bond for any period for which a Fixed Coupon Amount is not specified shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub unit of the Specified Currency (half a sub unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Covered Bond divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of Euro, means one cent.

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

(a) ***Application***

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

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

The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest payable in arrears on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Covered

Bond will cease to bear interest from the due date for final redemption unless payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds **up to such seventh day (except to the extent that there is any subsequent default in payment)**.

(c) **Screen Rate Determination**

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Period will be determined by the Covered Bond Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Covered Bond Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) in any other case, the Covered Bond Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Covered Bond Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Covered Bond Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Covered Bond Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Covered Bond Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

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

(d) **ISDA Determination**

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

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

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

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

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

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

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

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

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

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

(i) ***Publication***

The Covered Bond Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Principal Paying Agent and each competent authority, stock exchange and/or quotation system (if any) by which the Covered Bonds have then been admitted to listing, trading and/ or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Covered Bond Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination, the Covered Bond Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Covered Bond having the minimum Specified Denomination.

(j) ***Notifications etc***

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

7. Zero Coupon Provisions

(a) ***Application***

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

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

If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

8. Dual Currency Provisions

(a) ***Application***

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

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

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

9. Redemption and Purchase

(a) ***Scheduled redemption***

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

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

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

Guarantor on any Interest Payment Date thereafter up to (and including) the relevant Extended Maturity Date.

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

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

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

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

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

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

- (i) at any time (if neither the Floating Rate Provisions nor the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable); or
- (ii) on any Interest Payment Date (if the Floating Rate Provisions or the Index-Linked or Other Variable-Linked Interest Provisions are specified in the relevant Final Terms as being applicable),

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

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

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

- (1) where the Covered Bonds may be redeemed at any time, 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due; or

- (2) where the Covered Bonds may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Covered Bonds were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Principal Paying Agent (A) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred of and (B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 9(c), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 9(c).

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

If the Call Option is specified in the relevant Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer's giving not less than 15 nor more than 30 days' notice to the Covered Bondholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Covered Bonds on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

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

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

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

If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of any Covered Bondholder redeem such Covered Bonds held by it on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the Covered Bondholder must, not less than 15 nor more than 30 days before the relevant Optional Redemption Date (Put), deposit with the Principal Paying Agent a duly completed Put Option Notice (which notice shall be irrevocable) in the form obtainable from the Principal Paying Agent. The Principal Paying Agent shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. Once deposited in accordance with this Condition 9(f), no duly completed Put Option Notice, may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any Covered Bonds become immediately due and payable or, upon due presentation of any such Covered Bonds on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the Principal Paying Agent shall mail notification thereof to the Covered Bondholder at such address as may have been given by such Covered Bondholder in the relevant Put Option Notice and shall hold such Covered Bond against surrender of the relevant Put Option Receipt. For so long as any outstanding Covered Bonds are held by the Principal Paying Agent in accordance with this Condition 9(f), the Covered Bondholder and not the Principal Paying Agent shall be deemed to be the holder of such Covered Bonds for all purposes.

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

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

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

Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bonds at any time before the Maturity Date shall be an amount equal to the sum of:

- (i) the Reference Price; and
- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bonds become due and payable.

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

(i) ***Purchase***

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

(j) ***Cancellation***

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

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

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

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

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

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

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

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

10. Payments

(a) *Payments through clearing systems*

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

(b) *Payments subject to fiscal laws*

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

(c) *Payments on business days*

If the due date for payment of any amount in respect of any Covered Bond is not a Payment Business Day in the Place of Payment, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

11. Taxation

(a) Gross up by Issuer

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed (i) by or on behalf of the Republic of Italy or any political subdivision therein or any authority therein or thereof having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("FATCA") unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA). In that event, the Issuer shall pay such additional amounts as will result in receipt by the Covered Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

- (iii) in relation to any payment or deduction of any interest, premium or other proceeds of any Covered Bond, Receipt or Coupon on account of *imposta sostitutiva* pursuant to Decree No. 239; or
- (iv) held by or on behalf of a Covered Bondholder which is liable to such taxes, duties, assessments or governmental charges in respect of such Covered Bonds by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Covered Bonds; or
- (v) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) presented for payment by or on behalf of a Covered Bondholder which would have been able to avoid such withholding or deduction by presenting the relevant Covered Bond to another Paying Agent in a Member State of the European Union; or
- (vii) where such withholding or deduction is required by reason of the holder (i) failing to enter into an agreement described in Section 1471(b) of the Code, (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code, (iii) electing to be withheld against pursuant to Section 1471(c) of the Code, (iv) failing to satisfy the requirements of Section 1472(b) of the Code, or (v) otherwise failing to claim or perfect an exemption or comply with requirements under FATCA.

(b) Taxing jurisdiction

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

12. Events of Default

(a) Issuer Events of Default:

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

- (i) *Non-payment: the Issuer fails to pay any amount of interest and/or principal due and payable on any Series of Covered Bonds at their relevant Interest Payment Date and such breach is not remedied within the next 15 Business Days, in case of amounts of interest, or 20 Business Days, in case of amounts of principal, as the case may be; or*

- (ii) *Breach of other obligation: a material breach of any obligation under the Transaction Documents by the Issuer occurs which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Issuer; or*
- (iii) *Cross-default: any of the events described in paragraphs (i) to (ii) above occurs in respect of any other Series of Covered Bonds; or*
- (iv) *Insolvency: an Insolvency Event occurs with respect to the Issuer; or*
- (v) *Article 74 resolution: a resolution pursuant to article 74 of the Consolidated Banking Act is issued in respect of the Issuer; or*
- (vi) *Cessation of business: the Issuer ceases to carry on its primary business; or*
- (vii) *Breach of Tests: the Tests are breached and are not remedied within the Test Grace Period,*

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

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

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

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

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

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

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

- (i) *Non-payment:* following delivery of an Issuer Default Notice, the Guarantor fails to pay any interest and/or principal due and payable under the Covered Bond Guarantee and such breach is not remedied within the next following 15 Business Days, in case of amounts of interests, or 20 Business Days, in case of amounts of principal, as the case may be; or
- (ii) *Insolvency:* an Insolvency Event occurs with respect to the Guarantor; or
- (iii) *Breach of other obligation:* a material breach of any obligation under the Transaction Documents by the Guarantor occurs (other than payment obligations referred to in Condition 12(c)(i)) which is not remedied within 30 days after the Representative of the Covered Bondholders has given written notice thereof to the Guarantor; or
- (iv) *Breach of Amortisation Test:* following the service of an Issuer Default Notice (provided that, in case the Issuer Event of Default consists of an Article 74 Event, the Representative of the Covered Bondholders has not delivered an Article 74 Event Cure Notice) the Amortisation Test is breached and is not remedied within the Test Grace Period; or
- (v) *Invalidity of the Covered Bond Guarantee:* the Covered Bond Guarantee is not in full force and effect or it is claimed by the Guarantor not to be in full force and effect,

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

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

Upon service of a Guarantor Default Notice upon the Guarantor:

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

(e) **Determinations, etc**

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

13. Prescription

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

14. Representative of the Covered Bondholders

(a) *Organisation of the Covered Bondholders*

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

(b) *Initial appointment*

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

(c) *Acknowledgment by Covered Bondholders*

Each Covered Bondholder, by reason of holding Covered Bonds:

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

15. Agents

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

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

- (i) the Issuer and the Guarantor shall at all times maintain a principal paying agent; and
- (ii) the Issuer and the Guarantor shall at all times procure that the Principal Paying Agent operates in an EU member state such that it will not be obliged to withhold or deduct tax pursuant to

European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000; and

- (iii) if a Cover Bond Calculation Agent is specified in the relevant Final Terms, the Issuer and the Guarantor shall at all times maintain a Cover Bond Calculation Agent; and
- (iv) if and for so long as the Covered Bonds are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a paying agent in any particular place, the Issuer and the Guarantor shall maintain a paying agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system.

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

16. Further Issues

The Issuer may from time to time, without the consent of the Covered Bondholders, create and issue further Covered Bonds having the same terms and conditions as the Covered Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Covered Bonds.

17. Limited Recourse and Non Petition

(a) *Limited Recourse*

The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations. The recourse of the Covered Bondholders to the Guarantor under the Covered Bond Guarantee will be limited to the assets comprised in the Cover Pool subject to, and in accordance with, the relevant Priority of Payments pursuant to which specified payments will be made to other parties prior to payments to the Covered Bondholders.

(b) *Non Petition*

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

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

18. Notices

(a) ***Notices given through Monte Titoli***

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

(b) ***Other publication***

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

19. Rounding

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

20. Governing Law and Jurisdiction

(a) ***Governing law***

These Covered Bonds and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law. All other Transaction Documents and any non-contractual obligations arising out of, or in connection, thereof are governed by Italian law, save for the Swap Agreements and the deed of charge relating to such Swap Agreements, which are governed by English law and the Luxembourg Deed of Pledge, which is governed by Luxembourg law.

(b) ***Jurisdiction***

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

(c) ***Relevant legislation***

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

RULES OF THE ORGANISATION OF THE COVERED BONDHOLDERS

TITLE I

GENERAL PROVISIONS

1. GENERAL

~~1.21.1~~ The Organisation of the Covered Bondholders in respect of all Covered Bonds of whatever Series issued under the Programme by Unione di Banche Italiane S.c.p.A. is created concurrently with the issue and subscription of the Covered Bonds of the first Series to be issued and is governed by these Rules of the Organisation of the Covered Bondholders ("**Rules**").

~~1.31.2~~ These Rules shall remain in force and effect until full repayment or cancellation of all the Covered Bonds of whatever Series.

~~1.41.3~~ The contents of these Rules are deemed to be an integral part of the Terms and Conditions of the Covered Bonds (the "**Conditions**") of each Series issued by the Issuer.

2. DEFINITIONS AND INTERPRETATION

2.1 *Definitions*

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

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

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

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

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

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

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

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

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

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

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

"Monte Titoli Account Holder" means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli (as *intermediari aderenti*) in accordance with Article 83-quarter of the Financial Law Consolidated Act];

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

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

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

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

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

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

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

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

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

- (a) a certificate issued by a Monte Titoli Account Holder in accordance with the regulation issued jointly by the Bank of Italy and CONSOB on 22 February 2008, as amended from time to time; or

- (b) a certificate issued by the Principal Paying Agent stating:
 - (i) that Blocked Covered Bonds will not be released until the earlier of:
 - (A) a specified date which falls after the conclusion of the Meeting; and
 - (B) the surrender of such certificate to the Principal Paying Agent; and
 - (ii) the bearer of the certificate is entitled to attend and vote at such Meeting in respect of such Blocked Covered Bonds;

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

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

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

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

2.2 **Interpretation**

In these Rules:

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

2.3 **Separate Series**

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

- 2.3.1 Articles 26 (*Appointment, Removal and Resignation*) and 27 (*Resignation of the Representative of the Covered Bondholders*); and
- 2.3.2 insofar as they relate to a Programme Resolution, Articles 3 (*Purpose of the Organisation*) to 25 (*Meetings and Separate Series*) and 28 (*Duties and Powers of the Representative of the Covered Bondholders*) to 35 (*Powers to Act on behalf of the Guarantor*),

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

3. PURPOSE OF THE ORGANISATION

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

TITLE II

MEETINGS OF THE COVERED BONDHOLDERS

4. VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

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

5. VALIDITY OF BLOCK VOTING INSTRUCTIONS

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

6. CONVENING A MEETING

6.1 *Convening a Meeting*

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

6.2 *Meetings convened by Issuer*

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

6.3 *Time and place of Meetings*

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

7. NOTICE

7.1 *Notice of Meeting*

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

7.2 *Content of notice*

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

7.3 *Validity notwithstanding lack of notice*

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

8. CHAIRMAN OF THE MEETING

8.1 *Appointment of Chairman*

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

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

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

8.2 *Duties of Chairman*

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

8.3 *Assistance to Chairman*

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

9. **QUORUM**

9.1 The quorum at any Meeting will be:

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

(f) alteration of this Article 9.1.3;

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

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

10. **ADJOURNMENT FOR WANT OF QUORUM**

10.1 If a *quorum* is not present for the transaction of any particular business within 15 minutes after the time fixed for any Meeting, then, without prejudice to the transaction of the business (if any) for which a quorum is present:

10.1.1 if such Meeting was convened upon the requisition of Covered Bondholders, the Meeting shall be dissolved; and

10.1.2 in any other case, the Meeting shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Representative of the Covered Bondholders).

10.2 If *within* 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chairman may either (with the approval of the Representative of the Covered Bondholders) dissolve such meeting or adjourn the same for such period, being not less than 13 clear days (but without any maximum number of clear days), and to such place as may be appointed by the Chairman either at or subsequent to such adjourned meeting and approved by the Representative of the Covered Bondholders.

11. **ADJOURNED MEETING**

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

12. **NOTICE FOLLOWING ADJOURNMENT**

12.1 *Notice required*

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

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

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

12.2 *Notice not required*

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

13. **PARTICIPATION**

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

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

14. **VOTING BY SHOW OF HANDS**

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

15. **VOTING BY POLL**

15.1 ***Demand for a poll***

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

15.2 ***The Chairman and a poll***

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

16. **VOTES**

16.1 ***Voting***

Each Voter shall have:

- 16.1.1 on a show of hands, one vote; and
- 16.1.2 on a poll every Voter who is present shall have one vote in respect of each Euro 1,000 or such other amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Representative of the Covered Bondholders in its absolute discretion may stipulate) in the Outstanding Principal Amount of the Covered Bonds it holds or represents.

16.2 ***Block Voting Instruction***

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

16.3 ***Voting tie***

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

17. **VOTING BY PROXY**

17.1 ***Validity***

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

17.2 ***Adjournment***

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

18. **RESOLUTIONS**

18.1 ***Ordinary Resolutions***

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

18.1.1 grant any authority, order or sanction which, under the provisions of these Rules or of the Conditions, is required to be the subject of an Ordinary Resolution or required to be the subject of a resolution or determined by a Meeting and not required to be the subject of an Extraordinary Resolution; and

18.1.2 to authorise the Representative of the Covered Bondholders or any other person to execute all documents and do all things necessary to give effect to any Ordinary Resolution.

18.2 ***Extraordinary Resolutions***

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

18.2.1 sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Covered Bondholders or any of them;

18.2.2 approve any modification, abrogation, variation or compromise in respect of (a) the rights of the Representative of the Covered Bondholders, the Issuer, the Guarantor, the Covered Bondholders or any of them, whether such rights arise under the Transaction Documents or otherwise, and (b) these Rules, the Conditions or of any Transaction Document or any arrangement in respect of the obligations of the Issuer under or in respect of the Covered Bonds, which, in any such case, shall be proposed by the Issuer, the Representative of the Covered Bondholders and/or any other party thereto;

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

18.3 ***Programme Resolutions***

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

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

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

19. **EFFECT OF RESOLUTIONS**

19.1 ***Binding nature***

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

19.2 *Notice of voting results*

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

20. **CHALLENGE TO RESOLUTIONS**

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

21. **MINUTES**

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

22. **WRITTEN RESOLUTION**

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

23. **INDIVIDUAL ACTIONS AND REMEDIES**

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

24. **MEETINGS AND SEPARATE SERIES**

24.1 Choice of Meeting

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

24.1.1 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;

24.1.2 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;

- 24.1.3 a resolution which in the opinion of the Representative of the Covered Bondholders affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
- 24.1.4 a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series; and
- 24.1.5 to all such meetings all the preceding provisions of these Rules shall *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

24.2 ***Denominations other than Euro***

If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euro in the case of any Meeting or request in writing or Written Resolution of holders of Covered Bonds of more than one currency (whether in respect of the meeting or any adjourned such Meeting or any poll resulting therefrom or any such request or Written Resolution) the Outstanding Principal Amount of such Covered Bonds shall be the equivalent in Euro at the relevant Swap Rate. In such circumstances, on any poll each person present shall have one vote for each Euro 1.00 (or such other Euro amount as the Representative of the Covered Bondholders may in its absolute discretion stipulate) of the Outstanding Principal Amount of the Covered Bonds (converted as above) which he holds or represents.

25. **FURTHER REGULATIONS**

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

TITLE III

THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

26. **APPOINTMENT, REMOVAL AND REMUNERATION**

26.1 ***Appointment***

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

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

The Representative of the Covered Bondholders shall be:

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

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

26.3 *Duration of appointment*

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

26.4 *After termination*

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

26.5 *Remuneration*

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

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

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

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

28.1 *Representative of the Covered Bondholders as legal representative*

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

28.2 *Meetings and resolutions*

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

28.3 ***Delegation***

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

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

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

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

28.4 ***Judicial proceedings***

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

28.5 ***Consents given by Representative of Covered Bondholders***

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

28.6 ***Discretions***

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

28.7 ***Obtaining instructions***

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

28.8 ***Remedy***

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

29. EXONERATION OF THE REPRESENTATIVE OF THE COVERED BONDHOLDERS

29.1 *Limited obligations*

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

29.2 *Specific limitations*

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

- 29.2.1 shall not be under any obligation to take any steps to ascertain whether an Issuer Event of Default or a Guarantor Event of Default or any other event, condition or act, the occurrence of which would cause a right or remedy to become exercisable by the Representative of the Covered Bondholders hereunder or under any other Transaction Document, has occurred and, until the Representative of the Covered Bondholders has actual knowledge or express notice to the contrary, it shall be entitled to assume that no Issuer Event of Default or a Guarantor Event of Default or such other event, condition or act has occurred;
- 29.2.2 shall not be under any obligation to monitor or supervise the observance and performance by the Issuer or the Guarantor or any other parties of their obligations contained in these Rules, the Transaction Documents or the Conditions and, until it shall have actual knowledge or express notice to the contrary, the Representative of the Covered Bondholders shall be entitled to assume that the Issuer or the Guarantor and each other party to the Transaction Documents are duly observing and performing all their respective obligations;
- 29.2.3 except as expressly required in these Rules or any Transaction Document, shall not be under any obligation to give notice to any person of its activities in performance of the provisions of these Rules or any other Transaction Document;
- 29.2.4 shall not be responsible for investigating the legality, validity, effectiveness, adequacy, suitability or genuineness of these Rules or of any Transaction Document, or of any other document or any obligation or rights created or purported to be created hereby or thereby or pursuant hereto or thereto or request and/or obtain any legal opinion in connection therewith, and (without prejudice to the generality of the foregoing) it shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (i) the nature, status, creditworthiness or solvency of the Issuer or the Guarantor;
 - (ii) the existence, accuracy or sufficiency of any legal or other opinion, search, report, certificate, valuation or investigation delivered or obtained or required to be delivered or obtained at any time in connection with the Programme;
 - (iii) the suitability, adequacy or sufficiency of any collection procedure operated by the Master Servicer or any Sub-Servicer or compliance therewith;
 - (iv) the failure by the Issuer to obtain or comply with any licence, consent or other authorisation in connection with the purchase or administration of the assets contained in the Cover Pool; and
 - (v) any accounts, books, records or files maintained by the Issuer, the Guarantor, the Master Servicer, any Sub-Servicer and the Principal Paying Agent or any other person in respect of the Cover Pool or the Covered Bonds;
- 29.2.5 shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Covered Bonds or the distribution of any of such proceeds to the persons entitled thereto;
- 29.2.6 shall have no responsibility for procuring or maintaining any rating of the Covered Bonds by any credit or rating agency or any other person;

- 29.2.7 shall not be responsible for investigating any matter which is the subject of any recital, statement, warranty, representation or covenant by any party other than the Representative of the Covered Bondholders contained herein or in any Transaction Document or any certificate, document or agreement relating thereto or for the execution, legality, validity, effectiveness, enforceability or admissibility in evidence thereof;
- 29.2.8 shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting these Rules or any Transaction Document;
- 29.2.9 shall not be bound or concerned to examine or enquire into or be liable for any defect or failure in the right or title of the Guarantor in relation to the assets contained in the Cover Pool or any part thereof, whether such defect or failure was known to the Representative of the Covered Bondholders or might have been discovered upon examination or enquiry or whether capable of being remedied or not;
- 29.2.10 shall not be under any obligation to guarantee or procure the repayment of the Mortgage Loans contained in the Cover Pool or any part thereof;
- 29.2.11 shall not be responsible for reviewing or investigating any report relating to the Cover Pool or any part thereof provided by any person;
- 29.2.12 shall not be responsible for or have any Liability with respect to any loss or damage arising from the realisation of the Cover Pool or any part thereof;
- 29.2.13 shall not be responsible (except as expressly provided in the Conditions) for making or verifying any determination or calculation in respect of the Covered Bonds, the Cover Pool or any Transaction Document;
- 29.2.14 shall not be under any obligation to insure the Cover Pool or any part thereof;
- 29.2.15 shall, when in these Rules or any Transaction Document it is required in connection with the exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Covered Bondholders, have regard to the overall interests of the Covered Bondholders of each Series as a class of persons and shall not be obliged to have regard to any interests arising from circumstances particular to individual Covered Bondholders whatever their number and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Covered Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or taxing authority;
- 29.2.16 shall not, if in connection with the exercise of its powers, trusts, authorities or discretions, it is of the opinion that the interest of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a written resolution of such Covered Bondholders holding not less than 25 per cent. of the Outstanding Principal Amount of the Covered Bonds of the relevant Series then outstanding;
- 29.2.17 shall, as regards at the powers, trusts, authorities and discretions vested in it by the Transaction Documents, except where expressly provided therein, have regard to the interests of both the Covered Bondholders and the other creditors of the Issuer or the Guarantor but if, in the opinion of the Representative of the Covered Bondholders, there is a conflict between their interests the Representative of the Covered Bondholders will have regard solely to the interest of the Covered Bondholders;
- 29.2.18 may refrain from taking any action or exercising any right, power, authority or discretion vested in it under these Rules or any Transaction Document or any other agreement relating to the transactions herein or therein contemplated until it has been indemnified and/or secured to its satisfaction against any and all actions, proceedings, claims and demands which might be brought or made against it and against all Liabilities suffered, incurred or sustained by it as a result. Nothing contained in these Rules or any of the other Transaction Documents shall require the Representative of the Covered Bondholders to expend or risk its own funds or

otherwise incur any financial liability in the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured; and

29.2.19 shall not have any liability for any loss, liability, damages claim or expense directly or indirectly suffered or incurred by the Issuer, the Guarantor, any Covered Bondholder, any Other Creditor or any other person as a result of any determination, any act, matter or thing that will not be materially prejudicial to the interests of the Covered Bondholders as a whole or the interests of the Covered Bondholders of any Series.

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

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

29.4 ***Illegality***

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

30. **RELIANCE ON INFORMATION**

30.1 ***Advice***

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

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

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

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

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

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

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

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

30.4 *Certificates of Monte Titoli Account Holders*

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

30.5 *Clearing Systems*

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

30.6 *Certificates of Parties to Transaction Document*

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

30.6.1 in respect of every matter and circumstance for which a certificate is expressly provided for under the Conditions or any Transaction Document;

30.6.2 as any matter or fact *prima facie* within the knowledge of such party; or

30.6.3 as to such party's opinion with respect to any issue

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

30.7 *Auditors*

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

31. **AMENDMENTS AND MODIFICATIONS**

31.1 *Modification*

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

31.1.1 to these Rules, the Conditions and/or the other Transaction Documents which, in the sole opinion of the Representative of the Covered Bondholders, it may be expedient to make *provided that* the Representative of the Covered Bondholders is of the opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series; and

31.1.2 to these Rules, the Conditions and/or the other Transaction Documents which is of a formal, minor, administrative or technical nature or to comply with mandatory provisions of law; and

31.1.3 to these Rules, the Conditions and/or the other Transaction Documents which, in the opinion of the Representative of the Covered Bondholders, is to correct a manifest error or an error established as such to the satisfaction of the Representative of the Covered Bondholders.

31.2 ***Binding Nature***

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

31.3 ***Establishing an error***

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

31.3.1 a certificate from the Arranger:

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

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

31.4 ***Obligation to act***

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

32. **WAIVER**

32.1 ***Waiver of Breach***

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

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

32.1.2 determine that any Issuer Event of Default or Guarantor Event of Default shall not be treated as such for the purposes of the Transaction Documents, without any consent or sanction of the Covered Bondholders.

32.2 ***Binding Nature***

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

32.3 **Restriction on powers**

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

32.4 **Obligation to exercise powers**

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

32.5 **Notice of waiver**

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

33. **INDEMNITY**

Pursuant to the Programme Agreement, each Subscription Agreement and other document been agreed between the Issuer and the Relevant Dealer(s), the Issuer, failing which the Guarantor, has covenanted and undertaken to reimburse, pay or discharge (on a full indemnity basis) upon demand, to the extent not already reimbursed, paid or discharged by the Covered Bondholders, all costs, liabilities, losses, charges, expenses, damages, actions, proceedings, claims and demands (including without limitation legal fees and any applicable value added tax or similar taxes) properly incurred by or made against the Representative of the Covered Bondholders or any entity to which the Representative of the Covered Bondholders has delegated any power, authority or discretion in relation to the exercise or purported exercise of its powers, authorities and discretions and the performance of its duties under and otherwise in relation to the preparation and execution of these Rules and the Transaction Documents, including but not limited to legal and travelling expenses, and any stamp, issue, registration, documentary and other taxes or duties paid by the Representative of the Covered Bondholders in connection with any action and/or legal proceedings brought or contemplated by the Representative of the Covered Bondholders pursuant to the Transaction Documents against the Issuer or the Guarantor, or any other person to enforce any obligation under these Rules, the Covered Bonds or the Transaction Documents except insofar as the same are incurred as a result of fraud (*frode*), gross negligence (*colpa grave*) or wilful default (*dolo*) of the Representative of the Covered Bondholders.

34. **LIABILITY**

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

34.35. **SECURITY DOCUMENTS**

34.135.1 ***The Deeds of Pledge***

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

34.235.2 ***Rights of Representative of the Covered Bondholders***

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

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

TITLE IV

THE ORGANISATION OF THE COVERED BONDHOLDERS AFTER SERVICE OF AN NOTICE

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

It is hereby acknowledged that, upon service of a Guarantor Default Notice or, prior to service of a Guarantor Default Notice, following the failure of the Guarantor to exercise any right to which it is entitled, pursuant to the Mandate Agreement the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, shall be entitled (also in the interests of the Other Issuer Creditors) pursuant to Articles 1411 and 1723 of the Italian Civil Code, to exercise certain rights in relation to the Cover Pool. Therefore, the Representative of the Covered Bondholders, in its capacity as legal representative of the Organisation of the Covered Bondholders, will be authorised, pursuant to the terms of the Mandate Agreement, to exercise, in the name and on behalf of the Guarantor and as *mandatario in rem propriam* of the Guarantor, any and all of the Guarantor's rights under certain Transaction Documents, including the right to give directions and instructions to the relevant parties to the relevant Transaction Documents.

TITLE V

GOVERNING LAW AND JURISDICTION

36.37. **GOVERNING LAW**

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

37.38. **JURISDICTION**

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

FORM OF FINAL TERMS

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

Final Terms dated [•]

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

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

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

Guaranteed by

UBI Finance CB 2 S.r.l.

under the Euro 5,000,000,000 Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated 22 June 2012 [and the supplement[s] to the prospectus dated [•]] which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [including the supplement[s]] [is/are] available for viewing [at the Issuer's website (<http://www.ubibanca.it>)] [and] during normal business hours at the registered office of the Issuer at [address] [and copies may be obtained from [the registered office of the Issuer].

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the prospectus dated [original date] which are incorporated by reference in the Prospectus dated 22 June 2012 and are attached hereto, which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein for the purposes of Article 5.4 of the Prospectus Directive. These Final Terms contain the final terms of the Covered Bonds (*Obbligazioni Bancarie Garantite*) and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer of the Covered Bonds (*Obbligazioni Bancarie Garantite*) described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [including the supplement[s]] [is/are] available for viewing [at the Issuer's website (<http://www.ubibanca.it>)] [and] during normal business hours at the registered office of the Issuer at [address] [and copies may be obtained from [the registered office of the Issuer].]

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

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

1. (i) Issuer: Unione di Banche Italiane S.c.p.a.
- (ii) Guarantor: UBI Finance CB 2 S.r.l.
2. (i) Series Number: [•]
- (ii) Tranche Number: [•]
- (If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible).*
3. Specified Currency or Currencies: [•]
4. Aggregate Nominal Amount: [•]
- (i) Series: [•]
- (ii) Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: [•] [plus integral multiples of [•] in addition to the said sum of [•]] *[Include the wording in square brackets where the Specified Denomination is Euro 100,000 or equivalent plus multiples of a lower principal amount.]*
- (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
- (ii) Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [Specify date or (for Floating Rate Covered Bonds) Interest Payment Date falling in or nearest to the relevant month and year.]
- [If the Maturity Date is less than one year from the Issue Date and either (a) the issue proceeds are received by the Issuer in the United Kingdom, or (b) the activity of issuing the Covered Bonds is carried on from an establishment maintained by the Issuer in the United Kingdom, (i) the Covered Bonds must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to "professional investors" or (ii) another applicable exemption from section 19 of the Financial Services and Markets Act 2000 must be available.]*
9. (i) Extended Maturity Date of Guaranteed Amounts corresponding to Final Redemption Amount under the Covered Bond Guarantee: [Not Applicable/Specify Date or (for Floating Rate Covered Bonds) Interest Payment date falling in or nearest to the relevant month and year]
- (ii) Extended Instalment Date of Guaranteed Amounts corresponding to Covered Bond Instalment Amounts under the Covered Bond Guarantee: [Not Applicable/ Applicable]

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

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

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

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

PROVISIONS RELATING TO REDEMPTION

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

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

impracticable or otherwise disrupted:

- (vi) Minimum Final Redemption Amount: [•] per Calculation Amount
- (vii) Maximum Final Redemption Amount: [•] per Calculation Amount
24. **Early Redemption Amount** [Not Applicable (*if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Covered Bonds/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Covered Bonds*)]
- Early redemption amount(s) per Calculation Amount payable on redemption for taxation reasons or on acceleration following an Event of Default or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions):

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

25. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/give details]
Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which sub-paragraphs 15(ii), 17(vi) and 19(x) relate
26. Details relating to Covered Bonds issued on a partly-paid basis: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: [Not Applicable/give details]
27. Details relating to Covered Bonds for which principal is repayable in instalments: amount of each instalment, date on which each payment is to be made: [Not Applicable/provide details below]
- [The Covered Bonds shall be redeemed on each date set out below (each a "**Covered Bond Instalment Date**") in the amounts set out below (each a "**Covered Bond Instalment Amount**").
- | Covered Bond Instalment Date | Covered Bond Instalment Amount |
|-------------------------------------|--|
| [insert date] | [insert amount] |
| [insert date] | [insert amount] |
| [Maturity Date] | All outstanding Covered Bonds not previously redeemed] |
28. Redenomination provisions: [Redenomination [not] applicable (*If Redenomination is applicable, specify the terms of the redenomination in an annex to the Final Terms*)]
29. Other final terms: [Not Applicable/give details]
- (*When adding any other final terms consideration should be given as to whether such terms constitute "significant new*

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

DISTRIBUTION

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

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [the regulated market of the London Stock Exchange/specify *other regulated market*] of the Covered Bonds described herein] pursuant to the Euro 5,000,000,000 Covered Bond Programme of Unione di Banche Italiane S.c.p.A.

RESPONSIBILITY

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

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

By:
Duly authorised

Signed on behalf of UBI Finance CB 2 S.r.l.

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING

- (i) Listing [London/(*specify other*)/None]
- (ii) Admission to trading [Application [is expected to be/has been] made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the regulated market of the London Stock Exchange/*specify other regulated market*] with effect from [•]] [Not Applicable.]

(Where documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)

2. RATINGS

Ratings: The Covered Bonds to be issued [are not expected to be rated]/[have been rated] by [*insert credit rating agency name(s)*].

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the Regulation (EU) No 1060/2009 ("**CRA Regulation**") unless (1) the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration has not been refused, or (2) the rating is provided by a credit rating agency not established in the European Union but is endorsed by a credit rating agency established in the European Union and registered under the CRA Regulation or (3) the rating is provided by a credit rating agency not established in the European Union which is certified under the CRA Regulation. [Moody's Investors Service Ltd.] / [Fitch Ratings Limited] / [Standard & Poor's Credit Market Services Italy S.r.l. / [*Insert full legal name of other rating agencies*] are established in the European Union and have been registered under the CRA Regulation (as amended) As such [Moody's Investors Services Ltd.]/[Fitch Ratings Limited] / [Standard & Poor's Credit Market Services Italy S.r.l.] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.

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

[(Insert full legal name of credit rating agency/ies) [is]/[are] not established in the European Union and [is]/[are] not registered in accordance with CRA Regulation.]

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

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

[Not applicable (if not rated).]

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

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

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

"Save for any fees payable to the [Mangers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer."

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

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

[(i) Reasons for the offer [•]

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

[(ii) Estimated net proceeds: [•]]

[(iii) Estimated total expenses: [•]]

[Include breakdown of expenses]

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

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

Indication of yield: [•]

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

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

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

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

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

(Need to include:

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

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

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information.

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

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

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

9. **OPERATIONAL INFORMATION**

ISIN Code: [•]

Common Code: [•]

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

Delivery: Delivery [against/free of] payment

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

USE OF PROCEEDS

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

THE ISSUER

UBI Banca and the UBI Banca Group

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

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

The UBI Banca Group

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

The consolidated figures of UBI Banca as at 31 December 2011 were as follows:

- a domestic network of 1,875 branches (the fifth largest network in Italy with a domestic market share of approximately 6 per cent.);
- 19,405 employees actually in service (*Dipendenti effettivi in servizio*);
- approximately 4 million customers;
- direct funding from customers of Euro 102.8 billion (ranking fourth in Italy and first among Italian co-operative banks);
- loans to customers of Euro 99.7 billion (ranking fourth in Italy and first among Italian co-operative banks);
- total assets of Euro 129.8 billion (ranking fifth in Italy and second among Italian co-operative banks) and
- sound capital ratios: Core Tier 1 of 8.56 per cent., Tier1 of 9.09 per cent., Total Capital ratio of 13.50 per cent.

In terms of distribution structure, the UBI Banca Group has (market shares as at December 2011):

- a strong presence in some of the wealthiest regions of Italy, namely Lombardy (12.9 per cent. market share), Piedmont (8.3 per cent. market share) and Marche (8.1 per cent. market share);
- leadership in the reference provinces: Bergamo (21 per cent. market share), Brescia (22.8 per cent. market share), Varese (23 per cent. market share) and Cuneo (24.2 per cent. market share);
- a market share equal or greater than 10 per cent. in 19 provinces: aside from the four provinces indicated above, Pavia, Alessandria, La Spezia, Viterbo, Ancona, Fermo, Matera, Potenza, Catanzaro, Cosenza, Crotone, Reggio Calabria, Vibo Valentia, Brindisi, Bari and a significant presence in the provinces of Milan (9.2 per cent. market share) and of Rome (3.9 per cent. market share).

The Parent Bank— UBI Banca S.c.p.A.

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

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

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

The Network Banks

Management is of the view that local presence guarantees more accurate interpretation of trends on the ground, faster decision-making and encourages and improves customer loyalty and the management of credit risk. The network banks operate in their original local markets with the objective of consolidating and broadening customer relations and maximising the economic value and the quality of the services they provide at local level.

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

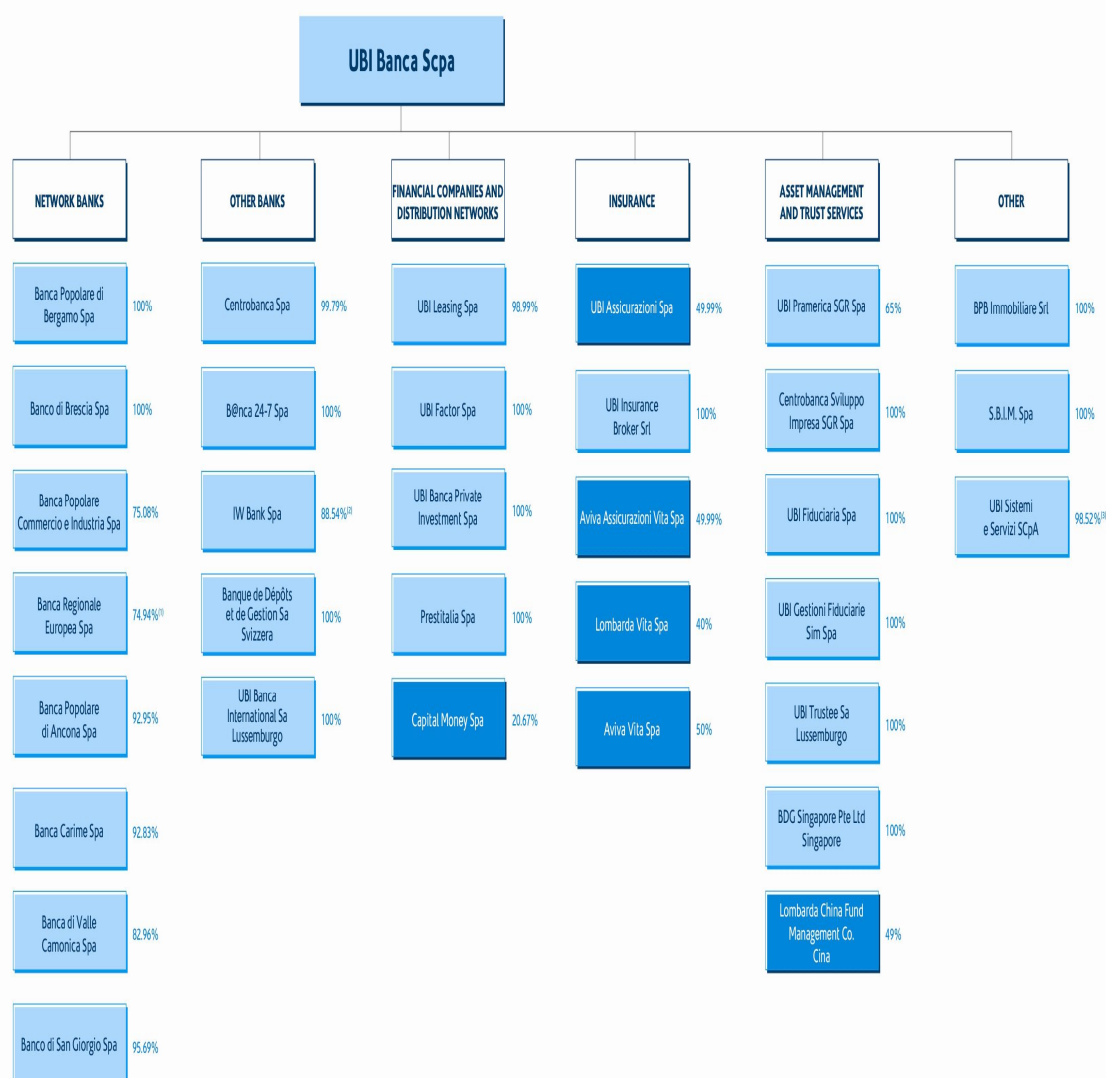
The network banks use services and instruments (e.g. Customer Relationship Management), and offer services and products, made available by UBI Banca and the product companies.

Product Companies

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

Structure of the UBI Banca Group: main subsidiaries as at 31 March 2012

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

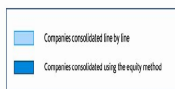


(1) The percentage given represents the control over the total share capital held.

(2) The percentage does not include treasury shares held in portfolio by IW Bank.

(3) The remaining 1.48% is held by UBI Assicurazioni Spa.

The percentages relate to the total interests held (direct and indirect) by the Group in the entire share/quota capital.



UBI Banca Group Companies and Operations

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

- (a) UBI Banca, which is the parent company of the UBI Banca Group
- (b) nine network banks, namely:
 - (i) Banca Popolare di Bergamo S.p.A., with headquarters and administrative offices in Bergamo;
 - (ii) Banco di Brescia S.p.A., with headquarters and administrative offices in Brescia;
 - (iii) Banca Popolare Commercio e Industria S.p.A., with headquarters and administrative offices in Milan;
 - (iv) Banca Regionale Europea S.p.A., with registered office in Cuneo, and general management and the administrative offices in Turin;
 - (v) Banca Popolare di Ancona S.p.A. with headquarters and administrative offices in Jesi;
 - (vi) Banca Carime S.p.A., with headquarters and administrative offices in Cosenza;
 - (vii) Banca di Valle Camonica S.p.A., with headquarters and administrative offices in Breno; and
 - (viii) Banco di San Giorgio S.p.A., with headquarters and administrative offices in Genova.

These network banks are all deeply rooted in their respective local markets and are focused on the development of commercial and lending activities with a client base consisting mainly of retail customers and small and medium sized businesses;

- (c) a banking network of private bankers and financial advisers, UBI Banca Private Investment S.p.A., based in Brescia;
- (d) a corporate bank, Centrobanca S.p.A., based in Milan;
- (e) an on line trading Bank, IW Bank S.p.A., based in Milan;
- (f) various product companies operating mainly in the areas of asset management, bancassurance (life and non-life), consumer finance, factoring and leasing;
- (g) a consortium company, UBI Sistemi e Servizi S.c.p.A., based in Brescia, providing services and products to the other group's companies; and
- (h) various service companies.

The UBI Banca Group also has an international presence through:

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

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

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

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

Banking Activities

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

Network banks

Please see the "Sellers" section.

Corporate Banking

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

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

As at 31 December 2011, Centrobanca had loans to customers totalling approximately Euro 7.2 billion, with a ratio of net non-performing loans to total net loans of 1.48 per cent. and of net impaired loans to total net loans of 3.52 per cent.. Shareholders' equity as at the same date (excluding profit for the period) amounted to Euro 542.6 million. As at 31 December 2011, Centrobanca had 316 employees actually in service ("*Dipendenti effettivi in servizio*") and 6 branches. Net profit for 2011 was Euro 1.2 million.

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

Asset Management

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

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

Total assets under management of UBI Pramerica relating to ordinary customers totalled Euro 20.3 billion and the company's net profit for the year amounted to Euro 37.6 million.

The transfer of three Capitalgest Alternative hedge funds (Conservative, Dynamic and Equity Hedge) to Tages Capital SGR S.p.A. was concluded with effect from 1 October 2011. The transaction, commenced in the

previous April when UBI Pramerica acquired a stake (recognised within available-for-sale financial assets) of 7.74 per cent. (as at 31 December 2011) in the share capital of Tages Capital SGR S.p.A.

The disposal of UBI Pramerica's units in its proprietary mutual funds, which resulted from the transfer of the Capitalgest SGR S.p.A. operations in January 2008, was completed in the first half of 2011.

Bancassurance

The UBI Banca Group has both life and non-life insurance companies which distribute through the banking channels of the Group. As concerns the non-life Bancassurance sector UBI Banca holds 50 per cent. - 1 share in UBI Assicurazioni (a joint venture with BNP Paribas / Ageas). The company registered a 2 million euro profit in 2011.

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

Consumer Finance

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

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

- new grants of special purpose and personal loans to non-captive customers cease and activities are limited to the management of outstanding loans;
- the disbursements of mortgages to non-captive customers through external networks was transferred to the network banks of the UBI Group in May 2011, with a view to the acquisition of new customers and a more balanced management of funding and risk control. No use of additional credit brokerage companies is planned;
- distribution of personal loans to captive customers by the network banks; and
- the specialisation of the company Prestitalia (wholly-owned subsidiary of UBI Banca) appropriately expanded, in salary-backed loan business. Approximately Euro 3.3 billion of outstanding salary backed loans held at present by Banca 24-7 will be transferred to the company.

The issuance of credit cards (both charge and revolving cards) for the UBI Banca Group is centralised in Banca 24-7. Personal loans and salary backed loans are distributed both to captive and non-captive customers.

In 2011 Banca 24-7 disused the business development/distribution of finalised and consumer loans through non-captive network, presently just managing the present stocks.

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

As at 31 December 2011, Banca 24-7 had loans to customers totaling Euro 10.5 billion, and a net profit of Euro 18.34 million.

Leasing

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

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

Factoring

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

UBI Banca's Management and Supervisory Bodies

UBI Banca has adopted a "dual" governance system.

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

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

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

Supervisory Board

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

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

Name	Position	Principal activities performed outside the UBI Banca Group
Corrado Faissola	Chairman	Chairman of ABI Servizi S.p.A., Federazione Banche Assicurazioni e Finanza Member of the Board of Associazione Bancaria Italiana
Giuseppe Calvi	Senior Deputy Chairman	Member of the Board of Mazzoleni Industriale Commerciale S.p.A., Porta Sud S.p.A.
Alberto Folonari	Deputy Chairman	Chairman of the Board of Mercury S.p.A. and Fingiama S.p.A. Member of the Board of Editoriale Bresciana S.p.A., Centro Stampa Quotidiani S.p.A., Numerica S.r.l.
Mario Mazzoleni	Deputy Chairman	Chairman of Mazzoleni Industriale Commerciale S.p.A.
Battista Albertani	Board Member	Chairman of the Board of Albertani Corporates S.p.A., Finanziaria di Valle Camonica S.p.A., Calisio S.p.A., Inbre S.p.A., Iniziative Urbane S.r.l., Nuovi Assetti Urbani S.p.A. Member of the Board of Azienda Elettrica di Valle Camonica S.r.l.

Name	Position	Principal activities performed outside the UBI Banca Group
Luigi Bellini	Board Member	<p>Chairman of the Board of Agricola Gualdo Tadino S.r.l.</p> <p>Member of the Board of Bonetti Acciai S.p.A. and Moulin Finance S.r.l. and sole administrator of Innocenzo S.r.l.</p>
Mario Cattaneo	Board Member	<p>Member of the Board of Bracco S.p.A., Luxottica Group S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of: SIA SSB S.p.A.</p> <p>Member of the Board of Statutory Auditors of Michelin Italiana S.A.M.I. S.p.A.</p>
Silvia Fidanza	Board Member	No activities performed outside the UBI Banca Group
Enio Fontana	Board Member	<p>CEO of Fontana Finanziaria S.p.A., Fontana Luigi S.p.A., I.B.S. S.r.l., Mec Bolt S.p.A., Editoriale UPIVEB S.r.l.</p> <p>Chairman of the Board of Bulloneria Briantea S.p.A., Bulloneria Galvani S.r.l., Bulloneria Barge S.p.A., G.F.D. S.a.s., Fontana Fasteners UK, Fontana Fasteners Mexico SA, Fontana Fasteners France sas</p> <p>Deputy Chairman of European Industrial Fasteners Institute</p> <p>Sole administrator of Nuova Eurodadi S.r.l., Soleasing S.r.l.</p> <p>Member of the Board of Fontana Fasteners Deutschland gmbh, Invitea S.p.A., Sofind International Holding bv, Sofind SA., Fire S.p.A., Fontana R.D. S.r.l., Fontana Fasteners S.r.l., Fontana Fasteners Iberica SA, Lobo S.p.A.</p> <p>General Partner: Loris Fontana e C. S.a.p.a.</p>
Carlo Garavaglia	Board Member	<p>Chairman of the Board of Eunomia S.p.A., Beltrame Holding S.p.A.</p> <p>Member of the Board of De Longhi S.p.A., Cordifin S.p.A., Italcementi S.p.A., Delclima S.p.A.</p> <p>Chairman of the Board of Statutory Auditors of Comitalia Compagnia Fiduciaria S.p.A.</p> <p>Member of the Board of Statutory Auditors of Gebau sapa</p>
Alfredo Gusmini	Board Member	No activities performed outside the UBI Banca Group
Pietro Gussalli Beretta	Board Member	<p>Deputy Chairman and CEO of Beretta Holding S.p.A.</p> <p>CEO of Benelli Armi S.p.A., Arce Gestioni S.p.A.</p>

Name	Position	Principal activities performed outside the UBI Banca Group
		Member of the Board of Artic Freezing Docks S.p.A., Fabbrica d'Armi Pietro Beretta S.p.A.
Giuseppe Lucchini	Board Member	Chairman of the Board of Lucchini RS S.p.A. Deputy Chairman and CEO of Sinpar S.p.A. Member of the Board of RCS Mediagroup S.p.A., Beretta Holding S.p.A.
Italo Lucchini	Board Member	Deputy Chairman of the Board of Italmobiliare S.p.A. Member of the Board of Italcementi S.p.A., Ciments Français S.A., Azienda Agricola Lodoletta S.r.l. Chairman of the Board of Statutory Auditors of Bmw Italia S.p.A., Alphabet Italia S.p.A., Bmw Milano S.r.l., Bmw Roma S.r.l., Husqvarna Motorcycles S.r.l., Immobilietta S.p.A., Cantiere Fedrigoni & C. S.p.A., Fedrigoni S.p.A.
Federico Manzoni	Board Member and Secretary	Chairman of the Board of Numerica S.r.l., IDS & Unitelm S.r.l., Mittel Investimenti Immobiliari S.r.l. Member of the Board of O.P.Q. S.r.l., Istituto Centrale sostentamento del Clero, Chairman of the Board of Statutory Auditors of Arrigoni Battista S.p.A., Arrigoni Battista società agricola S.r.l., Dedalo Esco S.p.A, Informatica S.p.A – in liquidazione, MA.AR.AUTO S.p.A, Mesgo S.p.A, Seltering S.p.A in liquidazione, Chromavis S.p.A. Member of the Board of Statutory Auditors of Barabino & Partners S.p.A., Barabino Immobiliare S.r.l., Broseta Due S.r.l., Fidelitas Network S.r.l., Fidelitas S.p.A., Flow Meter S.p.A., Immobiliare Broseta S.r.l., Terme di Sirmione S.p.A.
Enrico Minelli	Board Member	Member of the Board of Editrice Morcelliana
Toti S. Musumeci	Board Member	Member of the Board of SanLorenzo S.p.A
Sergio Orlandi	Board Member	Member of the Supervisory Board of Euroschor Societè par Action Semplifiè Member of the Board of Montefibre S.p.A, Sinterama S.p.A, Tintoria Lux S.p.A Administrator of Burgfrau snc dei f.lli Orlandi & c. and Immobiliare Reseda di Edda Fedrizzi & c. S.a.s.
Giorgio Perolari	Board Member	Chairman of the Board of Perofil S.p.A. Member of the Board of Italmobiliare S.p.A. Deputy Chairman of Immobiliare Albenza S.p.A.
Sergio Pivato	Board Member	Chairman of the Board of Statutory Auditors of Brembo S.p.A., SMA S.p.A., Società Editoriale Vita

Name	Position	Principal activities performed outside the UBI Banca Group
		S.p.A.
		Member of the Board of Statutory Auditors of Auchan S.p.A.
Armando Santus	Board Member	Member of the Board of Studium S.r.l.
Roberto Sestini	Board Member	Chairman of the Board of Compressione Gas Tecnici s. cons. a r.l., Esa S.r.l., Flow fin - S.p.A., Samac Società Azionaria Miniere Anidride Carbonica S.p.A., Siad Macchine Impianti S.p.A., Società Italiana Acetilene & Derivati SIAD S.p.A., Siad Servizi S.r.l., Siad Romania S.r.l., RS Servizi S Cons a r.l.
		Member of the Board of Rivoira S.p.A., Carbitalia S.p.A.
		Sole administrator of Sefin S.p.A, TRE-F S.r.l.
Giuseppe Zannoni	Board Member	Member of the Board of Azienda agricola Azzurra di Zannoni & C. s.s., Rallen Pty Sud Africa, Ceramic Industries Pty Sud Africa
		Sole director: Agorà S.a.s. di Giuseppe Zannoni e C.

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

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

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

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

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

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

Management Board

The Management Board is composed by a minimum of 7 to a maximum of 11 members elected with a three-years mandate from amongst registered shareholders with voting rights by the Supervisory Board, on the

proposal of the Appointments Committee. The Supervisory Board also appoints the Chairman and the Deputy Chairman of the Management Board. The Management Board appoints the Chief Executive Officer from among its members, upon proposal of the Supervisory Board, heard the Appointments Committee.

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

The main powers of the Management Board are as follows:

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

The Management Board is currently composed by:

Name	Position	Principal activities performed outside the UBI Banca Group
Emilio Zanetti	Chairman	Deputy Chairman of the Board of Sacbo S.p.A. Member of the Board of Italcementi S.p.A., Fondo Interbancario Tutela dei Depositi, Member of the Board of Associazione Bancaria Italiana
Flavio Pizzini	Deputy Chairman	Chairman of the Board of Statutory Auditors of ITL S.r.l. Member of the Board of Novaradio S.r.l.
Victor Massiah	CEO	Member of the Board of Associazione Bancaria Italiana
Giampiero Auletta Armenise	Board Member	Chairman of the Board of Mistralfin S.p.A. Non executive Chairman: Rothschild S.p.A.
Giuseppe Camadini	Board Member	Deputy Chairman of the Board of Edizioni Studium S.p.A., Editrice "La Scuola" S.p.A. Member of the Board of San Giuseppe S.p.A.
Mario Cera	Board Member	Member of the Board of Fiducialis S.r.l.
Giorgio Frigeri	Board Member	Chairman of Ist. Diocesiano per il sostentamento del clero Bergamo
Gian Luigi Gola	Board Member	Member of the Board of Consult Rev S.r.l., CRESAM S.c.r.l., Newspaper Milano S.r.l., Polo Grafico S.p.A.

<u>Name</u>	<u>Position</u>	<u>Principal activities performed outside the UBI Banca Group</u>
		Chairman of the Board of Statutory Auditors of Fiandino S.r.l., Alma S.p.A., Riserva di Pesca Valle Pesio Soc. Cons. S.r.l.
		Member of the Board of Statutory Auditors of Alma Tipografica S.r.l., Preve Costruzioni S.p.A., Sigit S.p.A., Piemonte Volley S.r.l., Coop. Edilizia Le Ghiande
		Auditor of Arpa, Camera di Commercio di Biella, Agenzia Lane d'Italia
Guido Lupini	Board Member	No activities performed outside the UBI Banca Group
Andrea Moltrasio	Board Member	Chairman of the Board of Clinica Castelli S.p.A, Icro Didonè S.p.A, ICRO Fepyr slu (Spagna), Fepyr Tintas Portugal CEO of Icro Coatings S.p.A
Franco Polotti	Board Member	Chairman of the Board and CEO of O.R.I Martin S.p.A. Chairman of the Board of Interim Interventi Immobiliari e Mobiliari S.r.l., Fondazione Tassara Deputy Chairman and CEO of the Board of Mar.Bea S.r.l. CEO of Trafilati Martin S.p.A. Member of the Board of F.B.G. di Polotti Franco EC. S.N.C., Immobiliare Broseta S.r.l., Broseta Due S.r.l., Opera per l'Educazione Cristiana, Fondazione Banca San Paolo, Fondazione Operare, Associazione Arte e Spiritualità

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

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

General Management

<u>Name</u>	<u>Position</u>
Francesco Iorio.....	General Manager
Elvio Sonnino.....	Senior Dep. Gen. Manager
Rossella Leidi.....	Deputy General Manager
Giovanni Lupinacci.....	Deputy General Manager
Ettore Medda.....	Deputy General Manager
Pierangelo Rigamonti.....	Deputy General Manager

Conflicts of Interest

The members of the Supervisory Board and the Management Board of UBI Banca do not have any conflicts or potential conflicts of interest between their duties to UBI Banca and their private interests or other duties.

Significant Legal Proceedings

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

The Issuer's share capital

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

Capital Management initiatives

In February-March 2012 UBI Banca launched tender offers on all outstanding Tier 1 Preferred Securities (Euro 453 million) at 80 per cent. of their nominal amount. Approximately 24 per cent. of securities were tendered, with a net capital gain of Euro 15.8 million which will be booked in the Issuer's first quarter of 2012 results. Outstanding Tier 1 securities as at 30 March 2012 amount to Euro 344 million.

Recent Developments

Capital Ratios

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

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

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

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

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

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The following tables present:

- (i) the audited consolidated balance sheet and income statement information of the Group approved by the Issuer's Supervisory Board as at and for the year ended 31 December 2011 and 31 December 2010,
- (ii) the audited annual balance sheet and income statement information of the Issuer approved by its Supervisory Board as at and for the year ended 31 December 2011 and 31 December 2010, and
- (iii) the unaudited consolidated interim balance sheet and income statement information of the Issuer as at and for the three months ended 31 March 2012 and 31 March 2011,

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

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

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

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

ASSETS <i>(Figures in thousands of euro)</i>	31.12.2011	31.12.2010
Cash and cash equivalents	625,835	609,040
Financial assets held for trading	2,872,417	2,732,751
Financial assets at fair value	126,174	147,286
Available-for-sale financial assets	8,039,709	10,252,619
Loans to banks	6,184,000	3,120,352
Loans to customers	99,689,770	101,814,829
Hedging derivatives	1,090,498	591,127
Fair value change in hedged financial assets (+/-)	704,869	429,073
Equity investments	352,983	368,894
Property, equipment and investment property	2,045,535	2,112,664
Intangible assets	2,987,669	5,475,385
<i>of which:</i>		
- goodwill	2,538,668	4,416,660
Tax assets	2,817,870	1,723,231
a) current	459,282	650,177
b) deferred	2,358,588	1,073,054
Non-current assets and disposal groups held for sale	22,020	8,429
Other assets	2,244,343	1,172,889
TOTAL ASSETS	129,803,692	130,558,569

LIABILITIES AND EQUITY <i>(Figures in thousands of euro)</i>	31.12.2011	31.12.2010
Due to banks	9,772,281	5,383,977
Due to customers	54,431,291	58,666,157
Securities issued	48,377,363	48,093,888
Financial liabilities held for trading	1,063,673	954,423
Hedging derivatives	1,739,685	1,228,056
Tax liabilities	702,026	993,389
a) current	383,364	441,433
b) deferred	318,662	551,956
Liabilities associated with activities under disposal	-	-
Other liabilities	3,139,616	2,600,165
Post-employment benefits	394,025	393,163
Provisions for risks and charges:	345,785	303,572
a) pension and similar obligations	76,460	68,082
b) other provisions	269,325	235,490
Fair value reserves	(1,315,865)	(253,727)
Reserves	2,416,471	2,362,382
Share premiums	7,429,913	7,100,378
Share capital	2,254,367	1,597,865
Treasury shares	(4,375)	-
Non-controlling interests (+/-)	898,924	962,760
Profit (Loss) for the year (+/-)	(1,841,488)	172,121
TOTAL LIABILITIES AND EQUITY	129,803,692	130,558,569

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

MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED INCOME STATEMENT

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

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

ANNUAL BALANCE SHEET

ASSETS <i>(Figures in thousands of euro)</i>	31.12.2011	31.12.2010
Cash and cash equivalents	184,014	195,060
Financial assets held for trading	3,515,897	3,143,191
Financial assets at fair value	126,174	147,286
Available-for-sale financial assets	6,705,814	8,698,209
Loans to banks	30,224,290	28,424,384
Loans to customers	15,692,663	14,536,121
Hedging derivatives	616,454	164,595
Equity investments	10,889,971	13,336,899
Property, equipment and investment property	606,656	624,907
Intangible assets	448	542,792
<i>of which:</i>		
- goodwill	-	521,245
Tax assets:	1,776,186	725,032
a) current	268,689	380,220
b) deferred	1,507,497	344,812
Non-current assets and disposal groups held for sale	115,302	6,023
Other assets	441,384	353,102
TOTAL ASSETS	70,895,253	70,897,601

LIABILITIES AND EQUITY <i>(Figures in thousands of euro)</i>	31.12.2011	31.12.2010
Due to banks	24,228,130	22,589,437
Due to customers	8,022,864	11,422,728
Securities issued	27,200,141	23,367,788
Financial liabilities held for trading	1,847,534	1,542,534
Hedging derivatives	898,024	599,874
Tax liabilities:	284,940	381,642
a) current	211,622	277,626
b) deferred	73,318	104,016
Liabilities associated with activities under disposal	-	-
Other liabilities	744,612	613,923
Post employment benefits	38,827	38,130
Provisions for risks and charges:	20,352	13,279
b) other provisions	20,352	13,279
Fair value reserves	(1,118,666)	(226,575)
Reserves	1,761,644	1,572,878
Share premiums	7,429,913	7,100,378
Share capital	2,254,367	1,597,865
Treasury shares	(4,375)	-
Profit (loss) for the year	(2,713,054)	283,720
TOTAL LIABILITIES AND EQUITY	70,895,253	70,897,601

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

ANNUAL INCOME STATEMENT

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

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 (*sposizioni scadute e/o sconfinanti*).

Restructured loans

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

Loans subject to country risk

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

Impaired loans

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

Non-performing loans

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

Loans past due

A debtor should be reported as past-due if both of the following conditions apply:

- Overdue or overdraft credit has last for over 180 days in consecutive terms.
- The higher of the following two values is at least equal to the threshold of 5 per cent.:
 - Average amount of overdue and/or overdrafts over the entire amount on a daily basis on the last preceding quarter.
 - Amount of overdue and/or overdrafts over the entire amount at the date of the report.

Loans secured by real estate overdue for more than 90 consecutive days are classified as "past due" without any reference to the threshold stated above.

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

Loans to customers as at 31 December 2011			Total net			
Figures in thousands of Euro	Gross		impairment	Net		
	exposure	%	losses	exposure	%	
Deteriorated loans	8,589,416	8,38	(2,309,532)	6,279,884		6,30
Non-performing loans.....	4,377,325	4,27	(1,895,908)	2,481,417		2,49
Impaired loans.....	2,844,167	2,77	(310,387)	2,533,780		2,54
Restructured loans.....	933,786	0,91	(93,096)	840,690		0,84
Past due loans.....	434,138	0,43	(10,141)	423,997		0,43
Performing loans	93,951,550	91,62	(541,664)	93,409,886		93,70
<i>of which: Unguaranteed loans to countries at risk</i>	<i>1,626</i>	<i>0,00</i>	<i>(320)</i>	<i>1,306</i>		<i>0,00</i>
TOTAL	102,540,966	100,00	(2,851,196)	99,689,770		100,00

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

Loans to customers as at 31 December 2010			Total net			
Figures in thousands of Euro	Gross		impairment	Net		
	exposure	%	losses	exposure	%	

* Starting from 1 January 2012 according to new Bank of Italy's regulations, the requirement has been changed to "over 90 days".

Loans to customers as at 31 December 2010			Total net			
Figures in thousands of Euro	Gross		impairment		Net	
	exposure	%	losses	exposure	%	
Deteriorated loans	7,465,062	7,14	(2,203,933)	5,261,129	5,17	
Non-performing loans.....	3,780,973	3,62	(1,841,057)	1,939,916	1,91	
Impaired loans.....	2,320,471	2,22	(287,557)	2,032,914	2,00	
Restructured loans.....	889,070	0,85	(60,577)	828,493	0,81	
Past due loans.....	474,548	0,45	(14,742)	459,806	0,45	
Performing loans	97,073,520	92,86	(519,820)	96,553,700	94,83	
<i>of which: Unguaranteed loans to countries at risk</i>	<i>13,880</i>	<i>0,00</i>	<i>(307)</i>	<i>13,573</i>	<i>0,00</i>	
TOTAL	104,538,582	100,00	(2,723,753)	101,814,829	100,00	

Funding (consolidated)

The following table presents the sources of the Groups' funding from customers as at 31 December 2011.

Direct funding from customers		
Figures in thousands of Euro	31.12.2011	%
Due to customers.....	54,431,291	52,9
Securities in issue.....	48,377,363	47,1
<i>of which: EMTN</i>	<i>10,292,174</i>	<i>10,0</i>
Total Direct Funding	102,808,654	100,0

Financial assets/liabilities of the Group

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

Figures in thousands of Euro	31.12.2011
Financial assets held for trading	2,872,417
Financial assets at fair value	126,174
Available-for-sale financial assets	8,039,709
Held-to-maturity financial assets	-
TOTAL	11,038,300
Financial liabilities held for trading.....	1,063,673
Total net of financial liabilities	9,974,627

Net interbank position of the Group

As at 31 December 2011 the Group has a net interbank position negative by Euro 3,588.3 million.

Financial information for the quarter ended 31 March 2012

On 14 May 2012 the Management Board of UBI Banca approved the consolidated results for the first quarter of 2012, which ended with a profit of 105.4 million euro compared to 64.6 million euro achieved in the same period of 2011. The two results are comparable because no non-recurring items were recognised in either of the two quarters.

The Issuer makes use of the incorporation regime by means of reference to the document indicated above pursuant to Article 11 of Directive 2003/71/EC and Article 28 of Regulation (EC) 809/2004.

UNIONE DI BANCHE ITALIANE S.C.P.A.
INTERIM CONSOLIDATED BALANCE SHEET

ASSETS	31.03.2012	31.03.2011
<i>(Figures in thousands of euro)</i>		
Cash and cash equivalents	538,617	569,052
Financial assets held for trading	3,679,925	1,613,809
Financial assets at fair value	123,066	474,114
Available-for-sale financial assets	10,794,700	10,252,511
Held-to-maturity investments.....	3,254,437	-
Loans to banks	4,925,671	4,510,008
Loans to customers	97,105,771	102,702,444
Hedging derivatives	1,087,609	351,398
Fair value change in hedged financial assets (+/-).....	722,393	194,086
Equity investments.....	409,499	378,196
Technical reserves of reinsurers.....	-	-
Property, equipment and investment property	2,021,314	2,086,769
Intangible assets	2,979,781	5,452,328
of which:		
- goodwill.....	2,538,668	4,416,659
Tax assets	2,641,166	1,704,774
(a) current	457,044	650,508
(b) deferred	2,184,122	1,054,266
Non-current assets and disposal groups held for sale.....	37,217	6,023
Other assets	1,189,953	2,442,098
TOTAL ASSETS	131,511,119	132,737,610

LIABILITIES AND EQUITY	31.03.2012	31.03.2011
<i>(Figures in thousands of euro)</i>		
Due to banks.....	15,143,195	7,332,517
Due to customers.....	52,358,466	56,144,592
Securities issued.....	47,084,745	48,678,875
Financial liabilities held for trading.....	934,366	1,040,163
Hedging derivatives	1,823,770	1,020,994
Tax liabilities.....	807,049	1,083,134
(a) current	482,434	527,710
(b) deferred	324,615	555,424
Liabilities associated with disposal groups held for sale	-	-
Other liabilities.....	2,094,393	4,606,189
Staff severance provisions.....	405,062	382,333
Provisions for risks and charges:	347,885	321,912
(a) pension and similar obligations.....	75,453	67,317
(b) other provisions.....	272,432	254,595
Technical reserves.....	-	-
Fair value reserves	(758,020)	(139,734)
Reserves.....	575,447	2,530,478
Share premiums	7,429,913	7,100,381
Share capital	2,254,367	1,597,865
Treasury shares.....	(4,375)	0
Minority interests (+/-)	909,478	973,302
Profit (loss) for the period (+/-)	105,378	64,609
TOTAL LIABILITIES AND EQUITY	131,511,119	132,737,610

UNIONE DI BANCHE ITALIANE S.C.P.A.
INTERIM CONSOLIDATED INCOME STATEMENT

Figures in thousands of euro

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

THE GUARANTOR

Introduction

The Guarantor, UBI Finance CB 2 S.r.l., is a limited liability company (*società a responsabilità limitata*) incorporated on 20 December 2011 under the laws of the Republic of Italy pursuant to the Securitisation and Covered Bonds Law, having its registered office at Foro Buonaparte 70, 20121 Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 07639080964, enrolled under No. 42013 in the general register of financial intermediaries held by the Bank of Italy pursuant to article 106 of the Consolidated Banking Act, part of the Unione di Banche Italiane Group enrolled under No. 3111.2 with the register held by the Bank of Italy in accordance with article 64 of the Consolidated Banking Act. The Guarantor has no employees and no subsidiaries.

The Guarantor commenced operations following its entry into the Transaction Documents to which it is a party.

Principal Activities

The duration of the company is up to 31 December 2100 and may be extended. The sole purpose of the Guarantor under the objects clause in its by-laws is the ownership of the Covered Pool and the granting to, *inter alios*, the Covered Bondholders of the Covered Bond Guarantee.

Quota Capital

The outstanding capital of the Guarantor is Euro 10,000, fully paid-up and divided into quotas as described below. The quotaholders of the Guarantor are as follows:

Quotaholder	Quota
Unione di Banche Italiane S.c.p.a.....	€5,000 (60% of the capital)
Stichting Viola.....	€4,000 (40% of capital)

The Guarantor has not declared or paid any dividends or, save as otherwise described in this Prospectus, incurred any indebtedness.

Quotaholders' Agreement

Under the Quotaholders' Agreement, each Quotaholder has agreed and undertaken to and with each other and the Representative of the Covered Bondholders, for the period necessary in order to exercise the call option and the put option granted thereunder, to keep its quota free and clear of any liens, claims, burdens, encumbrances, security interests or any other rights of any third parties whatsoever and not to sell, charge, pledge or otherwise dispose in any manner whatsoever of its quota.

The Quotaholders' Agreement contains put and call options granted pursuant to article 1331 of the Italian Civil Code in respect of the entire quota of 40 per cent. in the Guarantor's quota capital. In detail, Stichting Viola has granted UBI Banca an option to purchase the whole of Stichting Viola's quota and UBI Banca has granted Stichting Viola an option to sell such quota, in each case at a price equal to the nominal value of the quota. In both cases, the option is exercisable exclusively from the later of the Expiry Date and the Programme Maturity Date. Any purchase by UBI Banca may be effected either directly or through another company of the UBI Banca Group selected by UBI Banca.

Management

Board of Directors

The following table sets out certain information regarding the current members of the Board of Directors.

Name	Position	Principal activities performed outside the Guarantor
Renzo Parisotto	Chairman	Chartered Accountant
Andrea di Cola	Independent Director	Chartered Accountant
Giuseppe Sciarrotta	Director	Manager

The business address of the Board of Directors is the Guarantor's registered office at Foro Buonaparte 70, 20121 Milan, Italy.

Board of Statutory Auditors

No Board of Statutory Auditors has currently been appointed.

Auditors

The current independent auditors of UBI CB 2 Finance S.r.l. are Deloitte & Touche S.p.A.

Conflict of Interest

There are no conflicts or potential conflicts of interest between the duties of the directors to UBI CB 2 Finance S.r.l. and their private interests or other duties.

Financial Statements

The financial year of the Guarantor ends on 31 December of each calendar year. The Guarantor has been incorporated on 20 December 2011 and will close its first financial year on 31 December 2012. The financial statements of the Guarantor are prepared in accordance with IFRS.

THE SELLERS

Banca Popolare di Bergamo S.p.A.

History and development

Banca Popolare di Bergamo S.p.A. ("**Banca Popolare di Bergamo**") was incorporated under the laws of Italy on 25 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare di Bergamo CV Srl (established in 1869) to the new Bank and the authorisation released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is at Piazza Vittorio Veneto 8, Bergamo, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Popolare di Bergamo is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare di Bergamo is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

Composition of loans to customers (in thousand Euro)

	31.12.2011	%	31.12.2010	%
Current accounts	4,367,440	22.27	5,031,033	24.81
Mortgage loans and other medium to long-term financing	12,669,440	64.61	11,789,792	58.15
Credit cards, personal loans and salary-backed loans	105,618	0.54	76,797	0.38
Other transactions	2,467,266	12.58	3,378,584	16.66
TOTAL	19,609,764	100.00	20,276,206	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	1,553,349	7.75	(340,843)	1,212,506	6.19
Non-performing loans.....	714,644	3.57	(266,248)	448,396	2.29
Impaired loans.....	520,682	2.60	(48,609)	472,073	2.41
Restructured loans.....	295,242	1.47	(25,233)	270,009	1.38
Past due loans.....	22,781	0.11	(753)	22,028	0.11
Performing loans.....	18,490,923	92.25	(93,365)	18,397,258	93.81
TOTAL	20,044,272	100.00	(434,508)	19,609,764	100.00

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment	Net exposure	%
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			<u>losses</u>		
Deteriorated loans	1,349,331	6.53	(287,519)	1,061,812	5.24
Non-performing loans.....	582,309	2.82	(228,970)	353,339	1.74
Impaired loans.....	420,042	2.03	(40,449)	379,593	1.87
Restructured loans.....	317,184	1.54	(16,185)	300,999	1.49
Past due loans.....	29,796	0.14	(1,915)	27,881	0.14
Performing loans	19,308,864	93.47	(94,470)	19,214,394	94.76
TOTAL	20,658,195	100.00	(381,989)	20,276,206	100.00

Funding

The following table presents the sources of the Bank' funding from customers as at 31 December 2011 and 2010.

Direct funding from customers				
Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	12,867,849	65.11	13,655,436	66.30
Securities in issue.....	6,896,321	34.89	6,940,640	33.70
TOTAL	19,764,170	100.00	20,596,076	100.00

Detail of amounts due to customers				
Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	12,279,348	95.43	13,032,572	95.44
Time deposits.....	140,178	1.09	47,901	0.35
Financing:.....	227,831	1.77	440,824	3.23
<i>Negative repurchase agreement</i>	226,349	1.76	438,511	3.21
<i>Others</i>	1,482	0.01	2,313	0.02
Other payables.....	220,492	1.71	134,139	0.98
TOTAL	12,867,849	100.00	13,655,436	100.00

Management

Banca Popolare di Bergamo is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day to day operations of the bank. In accordance with the by Laws of Banca Popolare di Bergamo, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare di Bergamo is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare di Bergamo consists of between nine and fifteen members and is currently composed of the following persons:

Name	Position
Emilio Zanetti(*)	Chairman
Guido Lupini(*)	Deputy Chairman
Antonio Bulgheroni(*)	Deputy Chairman
Paolo Agnelli	Director
Mauro Bagini(*)	Director
Alberto Barcella	Director
Cristina Bombassei	Director
Rossano Breno	Director
Pierpaolo Camadini(*)	Director
Mario Comana	Director
Paolo Alberto Lamberti	Director
Francesco Lechi	Director
Victor Massiah	Director
Raffaele Rizzardi	Director
Marino Vago	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Bergamo as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Ferruccio Rota Sperti	Chairman
Alberto Carrara	Acting Auditor
Maurizio Vicentini	Acting Auditor
Luciana Gattinoni	Alternate Auditor
Paolo Pensotti Bruni	Alternate Auditor

General Management

Name	Position
Giuseppe Masnaga	General Manager
Oswaldo Ranica	Joint General Manager
Silvano Manella	Deputy General Manager
Riccardo Tramezzani	Deputy General Manager

Auditors

The current independent auditors of Banca Popolare di Bergamo are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

Subsidiaries and associated companies

As at 31 December 2011, Banca Popolare di Bergamo has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A. and a 3.37 per cent. stake in UBI Banca International S.A.

Share capital and shareholders

As at 31 December 2011, Banca Popolare di Bergamo has an issued and fully paid up share capital of Euro 1,350,514,252 consisting of 1,350,514,252 ordinary shares with a nominal value of Euro1.00 each.

The shares of Banca Popolare di Bergamo are unlisted and are wholly owned by UBI Banca (as at 31 December 2011).

Employees

As at 31 December 2011, Banca Popolare di Bergamo has 3,724 employees actually in service ("Dipendenti effettivi in servizio"), compared to 3,779 employees actually in service as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Popolare di Bergamo. Such information is derived from the separate financial statements of Banca Popolare di Bergamo as at and for the years ended 31 December 2011 and 2010. The financial statements of Banca Popolare di Bergamo are prepared in accordance with IFRS. For the avoidance of doubt, the financial statements of Banca Popolare di Bergamo do not form part of this Prospectus.

BALANCE SHEET

(In thousand Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents	112,924	104,165
Financial assets held for trading	61,943	51,761
Available-for-sale financial assets	20,196	20,795
Loans to banks	3,918,495	3,326,528
Loans to customers	19,609,764	20,276,206
Hedging derivatives	128,636	106,041
Fair value changes of hedged financial assets	106,368	60,341

(In thousand Euro)	31.12.2011	31.12.2010
Equity investments.....	5,065	5,065
Property, Plant and equipment.....	46,353	49,255
Intangible assets.....	1,440	1,440
of which goodwill:.....	1,440	1,440
Tax assets.....	85,954	100,518
(a) <i>current</i>	24,630	46,710
(b) <i>deferred</i>	61,324	53,809
Non-current assets and disposal groups held for sale.....	361	-
Other assets.....	977,016	353,769
Total assets.....	25,074,514	24,455,885
Liabilities and Shareholders' Equity		
Due to banks.....	2,314,734	789,141
Due to customers.....	12,867,849	13,655,436
Securities issued.....	6,896,321	6,940,640
Financial liabilities held for trading.....	62,794	52,519
Hedging derivatives.....	109,743	67,557
Tax liabilities:.....	40,858	41,696
(a) <i>current</i>	34,849	26,781
(b) <i>deferred</i>	6,009	14,914
Other liabilities.....	375,216	546,070
Staff severance provisions.....	86,392	86,044
Provisions for liabilities and charges:.....	31,077	26,336
(b) <i>other provisions</i>	31,077	26,336
Valuation reserve.....	(6,156)	(5,162)
Reserves.....	773,404	798,376
Share capital.....	1,350,514	1,350,514
Profit for the year.....	171,768	106,719
Total liabilities and shareholders' equity.....	25,074,514	24,455,885

INCOME STATEMENT

Figures in thousands of Euro	31.12.2011	31.12.2010
Interest and similar income.....	729,506	673,248
Interest expense and similar.....	(225,575)	(228,717)
Net interest income.....	503,931	444,531
Commission income.....	334,505	331,034
Commission expenses.....	(18,869)	(29,858)
Net commission income.....	315,636	301,176
Dividend and similar income.....	184	254
Net profit (loss) from trading.....	4,865	147
Net profit (loss) from hedging.....	(1,667)	11,175
Profit (losses) from disposal or repurchase of:.....	(1,092)	(1,672)
(a) <i>loans</i>	(236)	-
(b) <i>available-for-sale financial assets</i>	-	37
(d) <i>financial liabilities</i>	(857)	(1,709)
Gross income.....	821,857	755,610
Net impairment losses on.....	(83,376)	(98,084)
(a) <i>loans</i>	(83,114)	(96,212)
(b) <i>available-for-sale financial assets</i>	(275)	(294)
(d) <i>other financial transactions</i>	13	(1,579)
Net financial operating income.....	738,481	657,526
Administrative expenses.....	(513,322)	(521,054)
(a) <i>staff costs</i>	(272,399)	(277,279)
(b) <i>other administrative expenses</i>	(240,923)	(243,775)
Net provisions for liabilities and charges.....	(56)	187
Net impairment losses on property, plant and equipment.....	(6,336)	(6,400)
Other operating income (expense).....	63,949	52,214
Operating costs.....	(455,764)	(475,053)
Profits (losses) on disposal of investments.....	1,486	(30)
Profit (loss) on continuing operations before tax.....	284,203	182,443
Taxes on income for the year for continuing operations.....	(112,435)	(75,723)
After tax profit from continuing operations.....	171,768	106,719

Figures in thousands of Euro	31.12.2011	31.12.2010
Profit after tax from discontinued operations.....	-	-
Profit for the year	171,768	106,719

Banco di Brescia S.p.A.

History and development

Banco di Brescia S.p.A. ("**Banco di Brescia**") was incorporated under the laws of Italy on 31 December 1998 and, pursuant to Article 3 of its by Laws, the duration of the company is up to 31 December 2103 and may be extended by Shareholders' Meetings resolutions. Its registered office is at Corso Martiri della Libertà 13, Brescia and its principal objects, as set out in Article 2 of its by Laws, are deposit taking and the carrying out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds in accordance with laws and regulation.

Areas of activity – general

Banco di Brescia is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely in Lombardy and Veneto in Northern Italy and Latium in Central Italy) and has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banco di Brescia is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

Types of loans

Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Current accounts	2,200,401	16.23	2,597,815	17.23
Mortgage loans and other medium to long-term financing.....	9,098,176	67.09	8,927,611	59.21
Credit cards, personal loans and salary-backed loans	84,164	0.62	98,280	0.65
Other transactions	2,170,732	16.01	3,446,472	22.86
Debt securities.....	7,637	0.06	8,026	0.05
TOTAL	13,561,110	100.00	15,078,204	100.00

Defaulted and problem loans

The following table shows a breakdown of Banco di Brescia's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	1,040,285	7.52	(202,149)	838,136	6.18
Non-performing loans.....	370,436	2.68	(150,211)	220,225	1.62
Impaired loans.....	417,357	3.02	(32,457)	384,900	2.84
Restructured loans.....	213,397	1.54	(18,661)	194,736	1.44
Past due loans.....	39,095	0.28	(820)	38,275	0.28
Performing loans.....	12,787,825	92.48	(64,851)	12,722,974	93.82
TOTAL	13,828,110	100.00	(267,000)	13,561,110	100.00

Loans to customers as at 31 December 2010 Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	955,262	6.22	(209,162)	746,100	4.95
Non-performing loans.....	346,843	2.26	(161,931)	184,912	1.23
Impaired loans.....	351,197	2.29	(32,529)	318,668	2.11
Restructured loans.....	214,801	1.40	(13,302)	201,499	1.34
Past due loans.....	42,421	0.27	(1,400)	41,021	0.27
Performing loans	14,399,556	93.78	(67,452)	14,332,104	95.05
TOTAL	15,354,818	100.00	(276,614)	15,078,204	100.00

Funding

Banco di Brescia's principal sources of funding are as follows.

Direct funding from customers Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	9,163,705	71.97	8,885,718	73.32
Securities in issue.....	3,569,010	28.03	3,233,256	26.68
TOTAL	12,732,715	100.00	12,118,974	100.00

Detail of Amounts due to customers

Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	8,578,286	93.61	8,244,905	92.79
Time deposits	178,930	1.95	28,159	0.32
Financing	281,344	3.07	505,573	5.68
<i>Negative Repurchase agreement</i>	281,135	3.07	505,161	5.68
<i>Others</i>	209	0.00	412	0.00
Other payables.....	125,145	1.37	107,081	1.21
TOTAL	9,163,705	100.00	8,885,718	100.00

Management

Banco di Brescia is managed by the Board of Directors, appointed by the general meeting of shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banco di Brescia, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banco di Brescia is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banco di Brescia consists of between fifteen and nineteen members and is currently composed of the following persons:

Name	Position
Franco Polotti (♣).....	Chairman
Pierfrancesco Rampinelli Rota (♣)	Deputy Chairman
Costantino Vitali (*)	Deputy Chairman
Francesco Bettoni	Director
Franco Bossoni(♣).....	Director and Secretary of the Board
Giuseppe Camadini.....	Director
Gaudenzio Cattaneo(♣).....	Director
Stefano Gianotti	Director
Andrea Gibellini.....	Director
Victor Massiah	Director
Giambattista Montini.....	Director
Francesco Passerini Glazel.....	Director
Flavio Pizzini(♣)	Director
Gianfederico Soncini	Director

Name	Position
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() Member of Executive Committee.

The present Board of Directors has been appointed for the 2011, 2012 and 2013 financial years.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Paolo Golia	Chairman
Eugenio Ballerio	Acting Auditor
Alessandro Masetti Zannini	Acting Auditor
Primo Cancarini	Alternate Auditor
Guido Piccinelli	Alternate Auditor

General Management

Name	Position
Roberto Tonizzo.....	General Manager
Sergio Passoni	Deputy General Manager
Paola Montesor	Deputy General Manager

Auditors

The current independent auditors of Banco di Brescia are Reconta Ernst & Young S.p.A., who have been appointed by the General Meeting of Shareholders of 11 April 2007 to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2011, Banco di Brescia has a 8.716 per cent. shareholding in Banca di Valle Camonica S.p.A., a 5,85 per cent. shareholding in UBI Banca International S.A. and a 2.96 per cent shareholding in UBI Sistemi e Servizi S.c.p.A. All the aforementioned companies belong to UBI Banca Group. Banco di Brescia has no subsidiaries and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011, Banco di Brescia has an issued and fully paid-up share capital of Euro 615,632,231 consisting of 905,341,516 ordinary shares with a nominal value of Euro 0.68 each.

Banco di Brescia's shares are unlisted and are wholly owned by UBI Banca (as at 31 December 2011).

Employees

As at 31 December 2011, Banco di Brescia has 2,584 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 2,632 employees actually in service as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banco di Brescia. Such information is derived from the non-consolidated financial statements of Banco di Brescia as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banco di Brescia do not form part of this Prospectus. The financial statements of Banco di Brescia are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents.....	80,126	73,922

Financial assets held for trading	64,158	100,954
Available-for-sale financial assets	26,690	20,913
Loans to banks	1,183,589	851,391
Loans to customers	13,561,110	15,078,204
Hedging derivatives	40,336	45,471
Fair value change of hedged financial assets	71,317	40,200
Equity investments	19,022	19,022
Property, plant and equipment	287,860	293,836
Intangible assets	19,705	19,705
<i>of which: goodwill</i>	19,705	19,705
Tax assets	60,216	65,837
(a) <i>current</i>	19,780	32,241
(b) <i>deferred</i>	40,436	33,597
Other assets	338,282	1,012,349
Total assets	15,752,411	17,621,805
Liabilities and Shareholders' Equity		
Due to banks	1,016,163	3,341,564
Due to customers	9,163,705	8,885,718
Securities issued	3,569,010	3,233,256
Financial liabilities held for trading	66,211	76,037
Hedging derivatives	91,524	64,840
Tax liabilities:	32,688	39,737
(a) <i>current</i>	22,717	22,726
(b) <i>deferred</i>	9,970	17,011
Other liabilities	250,170	432,262
Staff severance provisions	63,772	61,987
Provisions for liabilities and charges:	30,224	26,301
(b) <i>other provisions</i>	30,224	26,301
Valuation reserve	7,566	14,182
Reserves	630,794	638,311
Share issue premium	120,000	120,000
Share capital	615,632	615,632
Profit for the year	94,952	71,979
Total liabilities and shareholders' equity	15,752,411	17,621,805

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income	508,153	508,436
Interest expense and similar	(183,324)	(181,831)
Net interest income	324,829	326,605
Commission income	209,464	210,213
Commission expenses	(10,178)	(14,953)
Net commission income	199,286	195,260
Dividend and similar income	1,280	1,249
Net profit (loss) from trading	1,938	(9,330)
Net profit (loss) from hedging	(99)	7,909
Profit (losses) from disposal or repurchase of:	(413)	(56)
(a) <i>loans</i>	145	-
(b) <i>Available-for-sale financial assets</i>	(9)	-
(d) <i>financial liabilities</i>	(549)	(56)
Gross income	526,821	521,637
Net impairment losses on	(68,197)	(98,708)
(a) <i>loans</i>	(65,704)	(97,859)
(b) <i>Available-for-sale financial assets</i>	(1,626)	-
(d) <i>other financial transactions</i>	(867)	(849)
Net financial operating income	458,624	422,929
Administrative expenses	(328,202)	(330,267)
(a) <i>staff costs</i>	(173,677)	(172,843)
(b) <i>other administrative expenses</i>	(154,525)	(157,424)
Net provisions for liabilities and charges	(5,718)	(2,875)
Net impairment losses on property, plant and equipment	(9,549)	(10,106)
Net impairment losses on intangible assets	-	(34)
Other operating income (expense)	39,912	37,986
Operating costs	(303,557)	(305,296)

(In thousands of Euro)	31.12.2011	31.12.2010
Profits (losses) on disposal of investments	184	1,296
Profit (loss) on continuing operations before tax	155,250	118,929
Taxes on income for the year for continuing operations.....	(60,298)	(46,951)
After tax profit from continuing operations	94,952	71,979
Profit for the year	94,952	71,979

Banca Popolare Commercio e Industria S.p.A.

Banca Popolare Commercio e Industria S.p.A. ("BPCI") was incorporated under the laws of Italy on 27 March 2003, and started its banking activities on 1 July 2003, as Network Bank of the former BPU Group. The contribution in kind of the branch business of former Banca Popolare Commercio e Industria Scrl (established in 1888) and Banca Popolare di Luino e di Varese S.p.A. (established in 1885) to the new Bank and the authorization released by the Governor of Bank of Italy to perform banking activities became effective on the same date.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Milan, via della Moscova 33, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Popolare Commercio e Industria is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in Lombardy, the key geographical areas in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided by its parent company UBI Banca directly or indirectly through its subsidiaries, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail, Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare Commercio e Industria is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

Composition of loans to customers (in thousands Euro)

	31.12.2011	%	31.12.2010	%
Current accounts	1,428,293	16.68	1,538,131	17.31
Mortgage loans and other medium to long-term financing.....	5,839,143	68.19	5,577,999	62.77
Credit cards, personal loans and salary-backed loans	36,136	0.42	37,869	0.43
Other transactions	1,259,782	14.71	1,731,601	19.49
TOTAL	8,563,354	100.00	8,885,600	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	814,432	9.20	(262,171)	552,261	6.44
Non-performing loans.....	529,615	5.98	(220,946)	308,669	3.60
Impaired loans.....	216,136	2.44	(31,733)	184,403	2.15
Restructured loans.....	62,557	0.71	(9,120)	53,437	0.62

Past due loans.....	6,124	0.07	(372)	5,752	0.07
Performing loans.....	8,047,724	90.80	(36,631)	8,011,093	93.56
TOTAL.....	8,862,156	100.00	(298,802)	8,563,354	100.00

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	820,981	8.93	(271,490)	549,491	6.18
Non-performing loans.....	483,244	5.25	(219,930)	263,314	2.96
Impaired loans.....	267,883	2.91	(42,900)	224,983	2.53
Restructured loans.....	50,201	0.55	(7,908)	42,293	0.48
Past due loans.....	19,653	0.21	(752)	18,901	0.21
Performing loans.....	8,376,665	91.07	(40,556)	8,336,109	93.82
TOTAL.....	9,197,646	100.00	(312,046)	8,885,600	100.00

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2011 and 2010.

Direct funding from customers (in thousand Euro)	31.12.2011	%	31.12.2010	%
Due to customers.....	5,834,879	77.83	5,974,262	73.08
Securities in issue.....	1,662,094	22.17	2,201,241	26.92
TOTAL.....	7,496,973	100.00	8,175,503	100.00

Detail of amounts due to customers Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	5,595,502	95.90	5,715,273	95.67
Time deposits.....	43,703	0.75	12,551	0.21
Financing.....	90,023	1.54	186,444	3.12
<i>Negative Repurchase agreement.....</i>	<i>88,812</i>	<i>1.52</i>	<i>184,969</i>	<i>3.10</i>
<i>Others.....</i>	<i>1,211</i>	<i>0.02</i>	<i>1,475</i>	<i>0.02</i>
Other payables.....	105,651	1.81	59,994	1.00
TOTAL.....	5,834,879	100.00	5,974,262	100.00

Management

Banca Popolare Commercio e Industria is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Popolare Commercio e Industria, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare Commercio e Industria is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its By-Laws, and the principles of correct administration, and that it maintains an organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare Commercio e Industria consists of fifteen members.

The Board of Directors of Banca Popolare Commercio e Industria is currently composed of the following persons:

Name	Position
Mario Cera (*).....	Chairman
Gregorio Magnetti (*).....	Deputy Chairman
Giampiero Auletta Armenise (*).....	Deputy Chairman
Maria Lucia Ferrarini.....	Director
Giovanni Iudica.....	Director
Alberto Majocchi (*).....	Director

Domenico Palmieri	Director
Carlo Porcari ^(*)	Director
Riccardo Ravizza	Director
Carlo Sangalli.....	Director
Felice Scalvini.....	Director
Lino Tedeschi.....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare Commercio e Industria as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Pietro Mazzola	Chairman
Alessandro Atzeni.....	Acting Auditor
Giorgio Dall'Olio	Acting Auditor
Franco Ghiringhelli.....	Alternate Auditor
Vittorio Fiammarelli	Alternate Auditor

General Management

Name	Position
Marco Mandelli.....	General Manager

Auditors

The current independent auditors of Banca Popolare Commercio e Industria are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

Subsidiaries and associated companies

As at 31 December 2011, Banca Popolare Commercio e Industria has a 2.96 per cent. stake in UBI Sistemi e Servizi S.c.p.A.; it has no subsidiaries and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011, Banca Popolare Commercio e Industria has an issued and fully paid-up share capital of Euro 934,150,468 consisting of 889,667,112 ordinary shares with a nominal value of Euro1.05 each.

Banca Popolare Commercio e Industria's shares are unlisted and are 75.077 per cent. owned by UBI Banca (as at 31 December 2011), 16.237 per cent owned by Fondazione Banca del Monte di Lombardia and 8.686 per cent owned by Aviva S.p.A.

Employees

As at 31 December 2011, Banca Popolare Commercio e Industria has 1,713 employees actually in service ("Dipendenti effettivi in servizio"), compared to 1,756 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Popolare Commercio e Industria. Such information is derived from the separate financial statements of Banca Popolare Commercio e Industria as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banca Popolare Commercio e Industria do not form part of this Prospectus. The financial statements of Banca Popolare Commercio e Industria are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
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Assets		
Cash and cash equivalents	45,215	42,531
Financial assets held for trading	41,756	32,731
Available-for-sale financial assets	10,366	19,314
Loans to banks	629,685	647,835
Loans to customers	8,563,354	8,885,600
Hedging derivatives	46,769	42,713
Chance in fair value of hedged financial assets	88,404	46,521
Equity investments	1,565	1,565
Property, plant and equipment	120,489	123,860
Intangible assets	22,261	22,261
of which goodwill:	22,261	22,261
Tax assets	116,850	132,741
(a) <i>current</i>	32,706	43,221
(b) <i>deferred</i>	84,144	89,520
Other assets	132,636	132,311
Total assets	9,819,351	10,129,982
Liabilities and Shareholders' Equity		
Due to banks	768,950	394,729
Due to customers	5,834,879	5,974,262
Securities issued	1,662,094	2,201,241
Financial liabilities held for trading	42,684	33,821
Hedging derivatives	98,602	58,742
Tax liabilities:	17,937	27,094
(a) <i>current</i>	13,516	10,228
(b) <i>deferred</i>	4,421	16,866
Other liabilities	121,767	194,959
Staff severance provisions	35,933	35,770
Provisions for liabilities and charges:	26,830	27,999
(b) <i>other provisions</i>	26,830	27,999
Valuation reserve	(1,547)	158
Reserves	227,061	225,143
Share capital	934,150	934,150
Profit for the year	50,010	21,914
Total liabilities and shareholders' equity	9,819,351	10,129,982

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income	297,542	273,360
Interest expense and similar	(80,572)	(74,920)
Net interest income	216,970	198,440
Commission income	145,076	148,127
Commission expenses	(8,002)	(14,461)
Net commission income	137,073	133,666
Dividend and similar income	-	2
Net profit (loss) from trading	3,653	(7,157)
Net profit (loss) from hedging	(3,697)	6,733
Profit (losses) from disposal or repurchase of:	(788)	(1,721)
(a) <i>loans</i>	5	-
(b) <i>Available-for-sale financial assets</i>	49	-
(d) <i>financial liabilities</i>	(842)	(1,721)
Gross income	353,212	329,963
Net impairment losses on	(26,108)	(30,840)
(a) <i>loans</i>	(25,220)	(30,827)
(b) <i>Available-for-sale financial assets</i>	(407)	(53)
(d) <i>other financial transactions</i>	(481)	40
Net financial operating income	327,104	299,123
Administrative expenses	(251,168)	(270,610)
(a) <i>staff costs</i>	(127,136)	(137,261)
(b) <i>other administrative expenses</i>	(124,032)	(133,349)
Net provisions for liabilities and charges	(2,134)	(2,718)
Net impairment losses on property, plant and equipment	(5,886)	(5,490)
Other operating income (expense)	20,247	24,449
Operating costs	(238,940)	(254,369)

(In thousands of Euro)	31.12.2011	31.12.2010
Profits (losses) on disposal of investments	(2)	(20)
Profit (loss) on continuing operations before tax	88,163	44,734
Taxes on income for the year for continuing operations	(38,153)	(22,820)
After tax profit from continuing operations	50,010	21,914
Profit for the year	50,010	21,914

Banca Regionale Europea S.p.A.

Banca Regionale Europea S.p.A. ("**Banca Regionale Europea**") was created in 1994 following the merger between Cassa di Risparmio di Cuneo and Banca del Monte di Lombardia. In 2000, it became one of the network banks of the former Group Banca Lombarda and the Group took the name of Banca Lombarda e Piemontese. In April 2007, it became one of the network banks of the UBI Banca Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2100. Its registered office is in Cuneo, via Roma 13, while the General Management and the Administrative Offices are located in Turin, Via Santa Teresa, 11. Its principal objects, as set out in Article 4 of its by-Laws, are banking activities; in addition, the Company may carry out all other financial activities in compliance with the discipline set out for each of them, and the establishment and management of supplementary pension programmes.

Areas of activity – general

Banca Regionale Europea is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The Bank, following the reorganisation of the Group, focused its banking activities in Piedmont, although it has also a branch in Milan and three branches in France – in Côte d'Azur. It has a distinctive capability in understanding and serving the requirements of the local economy in the reference areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Regionale Europea is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

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

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

Lending

Composition of loans to customers

(in thousand Euro)	31.12.2011	%	31.12.2010	%
Current accounts	1,247,564	18.04	1,261,810	18.42
Positive Repurchas.....	7,683	0.11	-	-
Mortgage loans and other medium to long-term financing	4,070,468	58.85	3,859,100	56.32
Credit cards, personal loans and salary-backed loans	30,812	0.45	35,571	0.52
Other transactions	1,560,181	22.55	1,695,139	24.74
TOTAL	6,916,708	100.00	6,851,620	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011	Gross		Total net	Net	
Figures in thousand Euro	exposure	%	impairment	exposure	%

			<u>losses</u>		
Deteriorated loans	503,663	7.11	(143,006)	360,657	5.21
Non-performing loans.....	270,135	3.81	(119,344)	150,791	2.18
Impaired loans.....	185,795	2.62	(16,949)	168,846	2.44
Restructured loans.....	37,133	0.52	(6,365)	30,768	0.44
Past due loans.....	10,600	0.15	(348)	10,252	0.15
Performing loans	6,580,038	92.89	(23,987)	6,556,051	94.79
TOTAL	7,083,701	100.00	(166,993)	6,916,708	100.00

Loans to customers as at 31 December 2010			Total net			
Figures in thousand Euro	Gross		impairment	Net		
	exposure	%	losses	exposure	%	
Deteriorated loans	449,679	6.41	(143,445)	306,234	4.47	
Non-performing loans.....	250,766	3.57	(122,295)	128,471	1.87	
Impaired loans.....	145,732	2.08	(14,755)	130,977	1.91	
Restructured loans.....	25,974	0.37	(5,650)	20,324	0.30	
Past due loans.....	27,207	0.39	(745)	26,462	0.39	
Performing loans	6,570,341	93.59	(24,955)	6,545,386	95.53	
TOTAL	7,020,020	100.00	(168,400)	6,851,620	100.00	

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2011 and 2010.

Direct funding from customers				
Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	4,009,022	69.01	3,871,423	69.22
Securities in issue.....	1,800,691	30.99	1,721,361	30.78
TOTAL	5,809,713	100.00	5,592,784	100.00

Detail of Amounts due to customers				
Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	3,788,466	94.50	3,559,261	91.94
Time deposits.....	15,960	0.40	13,847	0.36
Financing.....	138,559	3.46	243,281	6.28
<i>Negative Repurchase agreement</i>	138,559	3.46	243,281	6.28
Other payables.....	66,037	1.65	55,034	1.42
TOTAL	4,009,022	100.00	3,871,423	100.00

Management

Banca Regionale Europea is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Regionale Europea, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Regionale Europea is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Regionale Europea consists of fifteen members and is currently composed of the following persons:

Name	Position
Luigi Rossi di Montelera (*).....	Chairman
Livio Strazzeri (*).....	Deputy Vice Chairman
Maurilio Fratino (*).....	Deputy Chairman

Mario Cismondi.....	Director
Ferruccio Dardanello.....	Director
Giancarlo Drocco.....	Director
Argante Del Monte.....	Director
Filippo Ferrua Magliani.....	Director
Giacomo Lodi.....	Director
Rodolfo Luzzana(*).....	Director and Secretary of the Board
Marco Manfredi.....	Director
Tito Musso (*).....	Director
Mario Napoli.....	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Regionale Europea as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Filippo Rovetta.....	Chairman
Piero Aldo Fenoglio.....	Acting Auditor
Aristide Rodiani.....	Acting Auditor
Claudio Uberti.....	Alternate Auditor
Giampietro Rubino.....	Alternate Auditor

General Management

Name	Position
Riccardo Barbarini.....	General Manager

Auditors

The current independent auditors of Banca Regionale Europea are Reconta Ernst & Young S.p.A. who have been appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2011, Banca Regionale Europea has a 57.50 per cent. stake in Banco di San Giorgio S.p.A., a 2.96 per cent. stake in UBI Sistemi e Servizi S.c.p.A.. It has no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011, Banca Regionale Europea has an issued and fully paid-up share capital of Euro 468,880,348 consisting of 786,790,984 ordinary shares, 68,591,443 privileged shares and 46,310,550 saving shares with a nominal value of Euro 0.52 each.

Banca Regionale Europea's shares are unlisted and are 74.94 per cent. owned by UBI Banca (as at 31 December 2011), 24.98 per cent owned by Fondazione Cassa di Risparmio di Cuneo 0.08 per cent by third parties.

Employees

As at 31 December 2011, Banca Regionale Europea has 1,513 employees actually in service ("*Dipendenti effettivi in servizio*"), compared to 1,552 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Regionale Europea. Such information is derived from the separate financial statements of Banca Regionale Europea as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial

statements of Banca Regionale Europea do not form part of this Prospectus. The financial statements of Banca Regionale Europea are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents.....	39,175	38,098
Financial assets held for trading	19,406	25,269
Available-for-sale financial assets	12,912	9,610
Loans to banks	396,007	574,218
Loans to customers	6,916,708	6,851,620
Hedging derivatives	21,912	22,147
Change in fair value of hedged financial assets	25,891	15,735
Equity investment	168,359	156,480
Property, plant and equipment	209,603	212,914
Intangible assets	80,287	80,414
<i>of which goodwill:</i>	80,084	80,320
Tax assets	56,123	64,795
(a) <i>current</i>	12,303	21,388
(b) <i>deferred</i>	43,820	43,408
Other assets	86,869	81,006
Total assets	8,033,252	8,132,305
Liabilities and Shareholders' Equity		
Due to banks.....	497,906	769,715
Due to customers.....	4,009,022	3,871,423
Securities issued.....	1,800,691	1,721,361
Financial liabilities held for trading.....	20,456	17,058
Hedging derivatives	34,392	27,855
Tax liabilities:.....	17,651	18,428
(a) <i>current</i>	14,021	13,519
(b) <i>deferred</i>	3,630	4,908
Other liabilities.....	110,035	173,724
Staff severance provisions.....	35,772	35,084
Provisions for liabilities and charges:.....	37,166	34,784
(a) <i>severance and similar liabilities</i>	24,583	23,526
(b) <i>other provisions</i>	12,583	11,258
Valuation reserve	111,210	114,224
Reserves.....	859,883	633,394
Share capital	468,880	468,880
Profit for the year	30,186	246,375
Total liabilities and shareholders' equity	8,033,252	8,132,305

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income	230,791	203,156
Interest expense and similar	(62,313)	(55,437)
Net interest income	168,478	147,719
Commission income	102,610	104,385
Commission expenses.....	(4,794)	(5,411)
Net commission income	97,816	98,973
Dividends and similar income.....	403	1,318
Net profit (loss) from trading	(687)	(2,587)
Net profit (loss) from hedging	486	2,008
Profit (losses) from disposal or repurchase of:	(298)	(367)
(a) <i>loans</i>	(43)	-
(b) <i>Available-for-sale financial assets</i>	5	(6)
(d) <i>financial liabilities</i>	(261)	(361)
Gross income	266,198	247,064
Net impairment losses on:	(28,127)	(27,599)
(a) <i>loans</i>	(26,965)	(27,430)
(b) <i>Available-for-sale financial assets</i>	(625)	(29)
(d) <i>other financial transactions</i>	(537)	(140)

Net financial operating income	238,071	219,464
Administrative expenses	(198,912)	(203,171)
(a) <i>staff costs</i>	(109,376)	(110,126)
(b) <i>other administrative expenses</i>	(89,536)	(93,046)
Net provisions for liabilities and charges	(975)	3,253
Net impairment losses on property, plan and equipment	(6,960)	(5,935)
Net impairment losses on intangible assets	(80)	(50)
Other operating income (expense)	19,813	20,327
Operating costs	(187,115)	(185,576)
Profit (loss) on equity investments	-	230,659
Impairment on goodwill	(236)	-
Profit (loss) on disposal of investments	10	3
Profit (loss) from continuing operations before tax	50,730	264,551
Tax on income for the year for continuing operations	(20,544)	(18,175)
After tax profit from continuing operations	30,186	246,375
Profit for the year	30,186	246,375

Banca Popolare di Ancona S.p.A.

Banca Popolare di Ancona S.p.A. ("**Banca Popolare di Ancona**") was incorporated on 18 October 1891 in Jesi as a co-operative bank. In 1995 it became Joint-Stock company and entered the former Banca Popolare di Bergamo-Credito Varesino Group. In July 2003 it became one of the network banks of the former BPU Group, and in April 2007 it joined the UBI Banca Group.

Pursuant to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at via Don A. Battistoni, 4, Jesi (AN), and its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. The company may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. Provided the relevant authorisations are obtained, the company may proceed to the purchase, incorporation, or concentration with other banks or companies; it may also purchase and manage equity stakes, including controlling stakes, in companies carrying-out banking, insurance and financial or other activities allowed, within the limits and with the modalities set out in law dispositions.

Areas of activity – general

Banca Popolare di Ancona is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the Marche region, the key geographical area in which it operates, and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided, directly or indirectly through its subsidiaries, by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Popolare di Ancona is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

Composition of loans to customers (in thousand Euro)

	31.12.2011	%	31.12.2010	%
Current accounts	1,391,350	17.81	1,503,642	19.52
Mortgage loans and other medium to long-term financing	5,295,954	67.81	4,975,647	64.60
Credit cards, personal loans and salary-backed loans	28,390	0.36	14,773	0.19
Others transactions	1,094,647	14.02	1,208,283	15.69
TOTAL	7,810,341	100.00	7,702,345	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011					
Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	961,374	11.78	(299,749)	661,625	8.47
Non-performing loans.....	606,090	7.43	(266,331)	339,759	4.35
Impaired loans.....	304,435	3.73	(30,909)	273,526	3.50
Restructured loans.....	31,041	0.38	(2,138)	28,903	0.37
Past due loans.....	19,808	0.24	(371)	19,437	0.25
Performing loans	7,197,311	88.22	(48,595)	7,148,716	91.53
TOTAL	8,158,685	100.00	(348,344)	7,810,341	100.00

Loans to customers as at 31 December 2010					
Figures in thousands of Euro	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	874,534	10.86	(302,272)	572,262	7.43
Non-performing loans.....	547,070	6.79	(259,647)	287,423	3.74
Impaired loans.....	294,619	3.66	(41,214)	253,405	3.29
Restructured loans.....	16,806	0.21	(1,074)	15,732	0.20
Past due loans.....	16,039	0.20	(337)	15,702	0.20
Performing loans	7,178,821	89.14	(48,738)	7,130,083	92.57
TOTAL	8,053,355	100.00	(351,010)	7,702,345	100.00

Funding

The following table presents the sources of the Bank's funding from customers as at 31 December 2011 and 2010.

Direct funding from customers				
Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	4,375,286	68.05	4,492,572	65.71
Securities in issue.....	2,054,092	31.95	2,344,591	34.29
TOTAL	6,429,378	100.00	6,837,163	100.00

Detail of amounts due to customers				
	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	4,174,440	95.41	4,216,050	93.84
Time deposits.....	51,910	1.19	11,273	0.25
Financing.....	70,836	1.62	187,176	4.17
<i>Negative Repurchase agreement</i>	70,836	1.62	187,167	4.17
<i>Others</i>	-	0.00	9	0.00
Other payables.....	78,100	1.79	78,073	1.74
TOTAL	4,375,286	100.00	4,492,572	100.00

Management

Banca Popolare di Ancona is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Popolare di Ancona, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca Popolare di Ancona is required to have a Board of Statutory Auditors, who verifies that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Popolare di Ancona consists of between twelve and eighteen members and is currently composed of the following persons:

Name	Position
Corrado Mariotti(*)	Chairman
Antonio Martinez(*)	Senior Deputy Chairman
Pietro Paolo Petrelli(*)	Deputy Chairman
Giampiero Auletta Armenise(*)	Director
Salvatore Fortuna	Director
Rodolfo Giampieri	Director
Otello Gregorini	Director
Paolo Leonardi	Director
Enrico Loccioni	Director
Giannalberto Luzi	Director
Silvio Mantovani(*)	Director
Graziano Pambianchi	Director
Piero Peppucci	Director
Andrea Pisani Massamormile	Director
Federico Venturi	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Popolare di Ancona as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Roberto Barbieri	Chairman
Massimo Albonetti	Acting Auditor
Pecuvio Rondini	Acting Auditor
Guido Cesarini	Alternate Auditor
Paolo Di Paolo	Alternate Auditor

General Management

Name	Position
Luciano Goffi	General Manager
Nunzio Tartaglia	Co-General Manager
Genesio Rispoli	Deputy General Manager

Auditors

The current independent auditors of Banca Popolare di Ancona S.p.A. are Deloitte&Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2019.

Subsidiaries and associated companies

As at 31 December 2011, Banca Popolare di Ancona has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A., a 5.47 per cent stake in Centrobanca S.p.A., a 18.996 per cent stake in UBI Leasing S.p.A. and a 25 per cent stake in other company (SPF Studio Progetti Finanziari S.r.l.).

Share capital and shareholders

As at 31 December 2011, Banca Popolare di Ancona has an issued and fully paid up share capital of Euro 122,343,580 consisting of 24,468,716 ordinary shares with a nominal value of Euro5.00 each.

Banca Popolare di Ancona's shares are unlisted and are 92,93 per cent. owned by UBI Banca (as at 31 December 2011), 6,49 per cent. owned by Aviva S.p.A. and for the remaining part by minority shareholders.

Employees

As at 31 December 2011, Banca Popolare di Ancona has 1,727 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 1,749 employees as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Popolare di Ancona. Such information is derived from the separate financial statements of Banca Popolare di Ancona as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banca Popolare di Ancona do not form part of this Prospectus. The financial statements of Banca Popolare di Ancona are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents	53,604	48,147
Financial assets held for trading	44,342	25,159
Available-for-sale financial assets	19,740	22,140
Loans to banks	250,994	753,398
Loans to customers	7,810,341	7,702,345
Hedging derivatives	60,236	39,241
Fair value change of hedged financial assets (+/-)	92,224	55,759
Equity Investments	52,424	69,169
Property, plant and equipment	123,361	130,180
Intangible assets	31,727	31,727
of which goodwill:	31,727	31,727
Tax assets	106,314	113,170
(a) <i>current</i>	21,165	28,857
(b) <i>deferred</i>	85,149	84,314
Other assets	98,860	110,321
Total assets	8,744,167	9,100,755
Liabilities and Shareholders' Equity		
Due to banks	1,090,431	963,149
Due to customers	4,375,286	4,492,572
Securities issued	2,054,092	2,344,591
Financial liabilities held for trading	45,572	27,242
Hedging derivatives	94,892	59,955
Tax liabilities:	15,251	13,179
(a) <i>current</i>	11,727	9,939
(b) <i>deferred</i>	3,524	3,240
Other liabilities	138,341	255,491
Staff severance provisions	32,386	32,231
Provisions for liabilities and charges:	21,192	18,863
(b) <i>other provisions</i>	21,192	18,863
Valuation reserve	22,070	24,012
Reserves	246,480	245,233
Share issue premium	483,554	483,554
Share capital	122,344	122,344
Profit for the year	2,276	18,340
Total liabilities and shareholders' equity	8,744,167	9,100,755

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income	308,842	277,400
Interest expense and similar	(94,954)	(72,445)
Net interest income	213,888	204,955
Commission income	116,219	110,142
Commission expenses	(4,391)	(5,506)
Net commission income	111,828	104,636
Dividends and similar income	1,025	3,757
Net profit (loss) from trading	1,489	(2,038)

Net profit (loss) from hedging	(903)	5,919
Profit (losses) from disposal or repurchase of:	(1,587)	(911)
(a) <i>loans</i>	(170)	-
(b) <i>Available-for-sale financial assets</i>	(1)	-
(d) <i>financial liabilities</i>	(1,416)	(911)
Gross income	325,741	316,319
Net impairment losses on:	(42,608)	(50,526)
(a) <i>loans</i>	(43,334)	(51,481)
(b) <i>Available-for-sale financial assets</i>	-	(73)
(d) <i>other financial transactions</i>	726	1,028
Net financial operating income	283,133	265,793
Administrative expenses.....	(230,966)	(233,350)
(a) <i>staff costs</i>	(126,648)	(125,953)
(b) <i>other administrative expenses</i>	(104,318)	(107,397)
Net provisions for liabilities and charges	(1,282)	(1,057)
Net impairment losses on property, plan and equipment	(10,236)	(10,479)
Other operating income (expense)	18,774	17,922
Operating costs	(223,710)	(226,964)
Profit (loss) of equity investments.....	(28,143)	37
Profit (loss) on disposal of investments.....	(4)	(12)
Profit (loss) from continuing operations before tax	31,276	38,855
Tax on income for the year for continuing operations	(29,000)	(20,515)
After tax profit from continuing operations	2,276	18,340
Profit for the year	2,276	18,340

Banca Carime S.p.A.

History and development

Banca Carime S.p.A. ("**Banca Carime**") was incorporated under the laws of Italy on 30 January 2001 following the merger between a financial company belonging to the former Banca Popolare Commercio e Industria Group and Carime, a banking company incorporated on 31 December 1997 within the Intesa Group, to which the lines of business of three Southern Saving Banks (Carical S.p.A., Caripuglia S.p.A. and Cassa di Risparmio Salernitana S.p.A.) has been transferred. In June 2000 Banca Intesa and Banca Popolare Commercio e Industria reached an agreement for the sale to the latter of the controlling stake in Banca Carime. On 1 July 2003, Banca Carime became part of the BPU Group, created from the merger between Banca Popolare di Bergamo-Credito Varesino Scrl, Banca Popolare Commercio e Industria Scrl and Banca Popolare di Luino e di Varese S.p.A. Banca Carime then became part of the UBI Banca Group following the merger between BPU Banca and Banca Lombarda effective from the 1 April 2007.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050. Its registered office is at Viale Crati in Cosenza and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, the Company may carry out, in addition to banking activities, all other financial activities in compliance with the discipline set out for each of them, including the purchase and management of equity investments and the establishment and management of supplementary pension programmes, either open or closed.

Areas of activity – general

Banca Carime is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank has a strong presence in the key geographical areas in which it operates (namely Southern Italy, and, in particular, the Calabria, Apulia, Basilicata and Campania regions) and considers that it has a distinctive capability in understanding and serving the requirements of the local economy in those areas. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca Carime is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

The following table shows the lending of Banca Carime as at 31 December 2011 and 2010, broken down according to the type of loan.

Composition of loans to customers (in thousand Euro)	31.12.2011	%	31.12.2010	%
Current accounts	808,185	16.61	820,059	17.21
Mortgage loans and other medium to long-term financing	3,482,629	71.57	3,308,195	69.42
Credit cards, personal loans and salary-backed loans	41,461	0.85	43,830	0.92
Other transactions	533,596	10.97	593,140	12.45
TOTAL	4,865,871	100.00	4,765,224	100.00

Defaulted and problem loans

The following table shows a breakdown of Banca Carime's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	357,458	7.18	(86,921)	270,537	5.56
Non-performing loans	158,203	3.18	(64,304)	93,899	1.93
Impaired loans	184,085	3.70	(21,719)	162,366	3.34
Restructured loans	2,317	0.04	(251)	2,066	0.04
Past due loans	12,853	0.26	(647)	12,206	0.25
Performing loans	4,620,683	92.82	(25,349)	4,595,334	94.44
TOTAL	4,978,141	100.00	(112,270)	4,865,871	100.00

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	253,171	5.21	(68,580)	184,591	3.87
Non-performing loans	110,014	2.27	(51,111)	58,903	1.24
Impaired loans	124,086	2.55	(16,066)	108,020	2.27
Restructured loans	2,408	0.05	(251)	2,157	0.04
Past due loans	16,663	0.34	(1,152)	15,511	0.32
Performing loans	4,607,335	94.79	(26,702)	4,580,633	96.13
TOTAL	4,860,506	100.00	(95,282)	4,765,224	100.00

Funding

Banca Carime's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers	5,156,220	68.28	5,151,629	68.12
Securities in issue	2,395,906	31.72	2,411,036	31.88
TOTAL	7,552,126	100.00	7,562,665	100.00

Detail of Amounts due to customers	31.12.2011	%	31.12.2010	%
Current accounts and deposits	4,929,939	95.61	4,931,270	95.72
Time deposits	38,633	0.75	38,972	0.76
Financing	40,694	0.79	70,205	1.36
<i>Negative Repurchase agreement</i>	40,694	0.79	70,205	1.36
<i>Others</i>	-	0.00	-	0.00
Other payables	146,954	2.85	111,182	2.16
TOTAL	5,156,220	100.00	5,151,629	100.00

Management

The management of Banca Carime is divided between the Board of Directors and the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca Carime, the Board of Directors has also set up an Executive Committee, to which it can delegate certain powers. In addition, Banca Carime is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca Carime consists of between nine and fifteen members and is currently composed of the following persons:

Name	Position
Andrea Pisani Massamormile ^(*)	Chairman
Giampiero Auletta Armenise ^(*)	Senior Deputy Chairman
Ermanna Carci ^(*)	Deputy Chairman
Marcello Calbiani ^(*)	Director
Gaudenzio Cattaneo	Director
Alberto Cazzani	Director
Marco Franzini	Director
Carlo Porcari ^(*)	Director
Mario Scicutella	Director
Alberto Valdembri	Director
Germano Volpi	Director

^(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca Carime as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Giovanni Luigi Maria Boffelli	Chairman
Stefano Adamo	Acting Auditor
Alberto Nardi	Acting Auditor
Nicola Vito Notarnicola	Alternate Auditor

General Management

Name	Position
Raffaele Avantaggiato	General Manager
Giuseppe Minervino	Deputy General Manager

Auditors

The current independent auditors of Banca Carime are Deloitte & Touche S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2020.

Subsidiaries and associated companies

As at 31 December 2011, Banca Carime has a 2.96 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011, Banca Carime has an issued and fully paid-up share capital of Euro 1,468,208,506 consisting of 1,411,738,948 ordinary shares with a nominal value of Euro 1.04 each.

Banca Carime's shares are unlisted and are 92.83 per cent owned by UBI Banca (as at 31 December 2011), 7.15 per cent by Aviva S.p.A. and the remaining part by minority shareholders.

Employees

As at 31 December 2011, Banca Carime has 2,183 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 2,224 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca Carime. Such information is derived from the separate financial statements of Banca Carime as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banca Carime do not form part of this Prospectus. The financial statements of Banca Carime are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents.....	71,504	67,083
Financial assets held for trading	3,395	2,698
Available-for-sale financial assets	27,661	27,793
Loans to Banks.....	3,672,848	3,846,367
Loans to customers	4,865,871	4,765,224
Hedging derivatives	8,395	19,645
Fair value change of hedged financial assets (+/-)	49,481	25,145
Equity investments.....	1,565	1,565
Property, plant and equipment	149,007	164,908
Intangible assets	650,787	662,931
<i>of which goodwill:</i>	650,787	662,931
Tax assets	62,941	61,463
(a) <i>current</i>	16,847	22,322
(b) <i>deferred</i>	46,094	39,141
Not current assets and disposal groups held for sale	6,562	-
Other assets	114,158	139,476
Total assets	9,684,175	9,784,297
Liabilities and Shareholders' equity		
Due to banks.....	117,024	175,444
Due to customers.....	5,156,220	5,151,629
Securities in issue.....	2,395,906	2,411,036
Financial liabilities held for trading.....	3,444	2,729
Hedging derivatives	49,290	27,114
Tax liabilities:.....	69,065	55,965
(a) <i>current</i>	10,244	8,222
(b) <i>deferred</i>	58,821	47,742
Other liabilities.....	151,038	229,378
Staff severance provisions.....	58,102	60,725
Provisions for liabilities and charges:.....	89,711	80,945
(a) <i>severance and similar obligations</i>	50,853	43,647
(b) <i>other provisions</i>	38,858	37,299
Valuation reserve	(14,033)	(1,334)
Reserves.....	94,218	84,806
Capital.....	1,468,209	1,468,209
Profit for the year	45,981	37,652
Total liabilities and shareholders' equity	9,684,175	9,784,297

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income.....	336,793	319,928
Interest expense and similar	(86,415)	(82,626)
Net interest income	250,377	237,303
Commission income	114,425	112,009
Commission expenses.....	(2,437)	(2,538)

(In thousands of Euro)	31.12.2011	31.12.2010
Net commission income	111,988	109,471
Dividends and similar income.....	122	107
Net profit (loss) from trading.....	1,574	1,177
Net profit (loss) from hedging	(917)	2,374
Profit (losses) from disposal or repurchase of:	(1,585)	(1,533)
(b) <i>Available-for-sale financial assets</i>	-	-
(d) <i>financial liabilities</i>	(1,585)	(1,533)
Gross income	361,559	348,898
Net impairment losses on:	(23,265)	(23,308)
(a) <i>loans</i>	(22,778)	(22,875)
(b) <i>Available-for-sale financial assets</i>	(181)	(11)
(d) <i>other financial transactions</i>	(306)	(423)
Net financial operating income	338,293	325,590
Administrative expenses.....	(257,944)	(265,135)
(a) <i>staff costs</i>	(144,903)	(153,219)
(b) <i>other administrative expenses</i>	(113,041)	(111,916)
Net provisions for liabilities and charges	(2,676)	862
Net impairment losses on property, plan and equipment	(13,367)	(13,890)
Other operating income (expense).....	27,574	21,533
Operating costs	(246,412)	(256,631)
Impairment on goodwill	(12,144)	-
Profit (loss) on disposal of investments.....	752	(2)
Profit (loss) from continuing operations before tax	80,489	68,957
Tax on income for the year for continuing operations	(34,508)	(31,305)
After tax profit from continuing operations	45,981	37,652
Profit for the year	45,981	37,652

Banca di Valle Camonica S.p.A.

Banca di Valle Camonica S.p.A. ("**Banca di Valle Camonica**") was created in 1872. In 1963 it was acquired by Banca San Paolo di Brescia, which in 1998 changed its name into Banca Lombarda following its merger with Credito Agrario Bresciano. In April 2007, Banca di Valle Camonica became one of the network banks of the UBI Group.

Pursuant to Article 3 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended by the Extraordinary General Meeting of Shareholders. Its registered office is in Breno (Brescia), Piazza della Repubblica 2, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. Its aim is to generate value for shareholders and to promote activities for moral and economic improvement. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations and the approval from the supervisory authority, perform any transactions or banking services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the issue of bonds.

Areas of activity – general

Banca di Valle Camonica is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank is present in Lombardy and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail (predominant activity of the Bank), Corporate and Private. Because of the wide range of product companies within the UBI Group, Banca di Valle Camonica is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

Lending

The following table shows the lending of Banca di Valle Camonica as at 31 December 2011 and 2010, broken down according to the type of loan.

Types of loans	31.12.2011	%	31.12.2010	%
Current accounts	402,052	21.27	396,829	21.05
Mortgage loans and other medium to long-term financing	1,278,989	67.68	1,258,392	66.74
Credit cards, personal loans and salary-backed loans	14,893	0.79	12,170	0.64
Other transactions	193,906	10.26	218,173	11.57
TOTAL	1,889,840	100.00	1,885,564	100.00

Defaulted and problem loans

The following table shows a breakdown of Banca di Valle Camonica's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	160,767	8.30	(36,774)	123,993	6.56
Non-performing loans.....	79,296	4.09	(26,579)	52,717	2.79
Impaired loans.....	65,731	3.39	(8,104)	57,627	3.05
Restructured loans.....	6,299	0.33	(1,587)	4,712	0.25
Past due loans.....	9,441	0.49	(504)	8,937	0.47
Performing loans	1,775,689	91.70	(9,842)	1,765,847	93.44
TOTAL	1,936,456	100.00	(46,616)	1,889,840	100.00

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	118,953	6.18	(28,735)	90,218	4.78
Non-performing loans.....	49,498	2.57	(19,286)	30,212	1.60
Impaired loans.....	56,197	2.92	(8,648)	47,549	2.52
Restructured loans.....	1,447	0.08	(160)	1,287	0.07
Past due loans.....	11,811	0.61	(641)	11,170	0.59
Performing loans	1,805,555	93.82	(10,209)	1,795,346	95.22
TOTAL	1,924,508	100.00	(38,944)	1,885,564	100.00

Funding

Banca di Valle Camonica's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	917,619	56.90	978,334	60.28
Securities in issue.....	695,209	43.10	644,615	39.72
TOTAL	1,612,828	100.00	1,622,949	100.00

Detail of Amounts due to customers	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	838,207	91.35	851,874	87.07
Time deposits	8,664	0.94	3,365	0.34
Financing	61,562	6.71	109,931	11.24
<i>Negative Repurchase agreement</i>	<i>60,541</i>	<i>6.60</i>	<i>108,696</i>	<i>11.11</i>
<i>Others</i>	<i>1,021</i>	<i>0.11</i>	<i>1,235</i>	<i>0.13</i>
Other payables.....	9,186	1.00	13,164	1.35
TOTAL	917,619	100.00	978,334	100.00

Management

Banca di Valle Camonica is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banca di Valle Camonica, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banca di Valle Camonica is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banca di Valle Camonica consists of between five and nine members and is currently composed of the following persons:

Name	Position
Gianfranco Maiolini(*)	Chairman
Martino Gregorini(*)	Deputy Chairman
Massimo Ghetti(*)	Secretary Director
Mario Nolli	Director
Ruggero Brunori(*)	Director
Giuseppe Camadini	Director
Bruno Degrandi(*)	Director
Giovanmaria Rizzi	Director
Egidio Tempini	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banca di Valle Camonica as at and for the year ending 31 December 2013.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Francesco Landriscina	Chairman
Angelo Roberto Farisoglio	Acting Auditor
Giovanni Nulli	Acting Auditor
Clara Sterli	Alternate Auditor
Ilenia Monchieri	Alternate Auditor

General Management

Name	Position
Stefano Vittorio Kuhn	General Manager
Pietro Tosana	Deputy General Manager

Auditors

The current independent auditors of Banca di Valle Camonica are KPMG S.p.A., who have been appointed to audit the bank's financial statements for a period ending 31 December 2015.

Subsidiaries and associated companies

As at 31 December 2011, Banca di Valle Camonica has a 1.48 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011, Banca di Valle Camonica has an issued and fully paid up share capital of Euro 2,738,693 consisting of 2,738,693 ordinary shares with a nominal value of Euro1.00 each.

Banca di Valle Camonica's shares are unlisted and are 74.24 per cent owned by UBI Banca (as at 31 December 2011), 8.7156 per cent owned by Banco di Brescia, 6.377 per cent owned by Società Cattolica di Assicurazione S.p.A., 5.931 per cent owned by Finanziaria di Valle Camonica S.p.A., 2.216 per cent owned by La Scuola S.p.A. and for the remaining part by minority shareholders.

Employees

As at 31 December 2011, Banca di Valle Camonica has 348 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 346 employees actually in service, as at the previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banca di Valle Camonica. Such information is derived from the separate financial statements of Banca di Valle Camonica as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banca di Valle Camonica do not form part of this Prospectus. The financial statements of Banca di Valle Camonica are prepared in accordance with IFRS.

BALANCE SHEET

<u>(In thousands of Euro)</u>	<u>31.12.2011</u>	<u>31.12.2010</u>
Assets		
Cash and cash equivalents	15,112	15,546
Financial assets held for trading	4,414	4,697
Available-for-sale financial assets	791	2,612
Loans to Banks	88,451	139,605
Loans to customers	1,889,840	1,885,564
Hedging derivatives	7,181	8,560
Fair value change of hedged financial assets (+/-)	5,900	2,364
Equity investments	783	783
Property, plant and equipment	28,040	28,209
Intangible assets	6,899	6,899
of which goodwill:	6,899	6,899
Tax assets	11,156	9,637
(a) <i>current</i>	2,347	3,998
(b) <i>deferred</i>	8,809	5,639
Other assets	18,607	18,418
Total assets	2,077,174	2,122,894
Liabilities and Shareholders' equity		
Due to banks	299,131	311,088
Due to customers	917,619	978,334
Securities in issue	695,209	644,615
Financial liabilities held for trading	4,522	4,902
Hedging derivatives	7,142	4,085
Tax liabilities:	4,540	3,770
(a) <i>current</i>	3,318	2,725
(b) <i>deferred</i>	1,222	1,045
Other liabilities	27,195	54,099
Staff severance provisions	7,092	7,027
Provisions for liabilities and charges:	2,903	2,424
(b) <i>other provisions</i>	2,903	2,424
Valuation reserve	11,828	12,005
Reserves	68,631	68,338
Share issue premiums	27,895	27,895
Capital	2,739	2,739
Profit for the year	728	1,574
Total liabilities and shareholders' equity	2,077,174	2,122,894

INCOME STATEMENT

<u>(In thousands of Euro)</u>	<u>31.12.2011</u>	<u>31.12.2010</u>
Interest and similar income	70,864	62,807
Interest expense and similar	(26,672)	(21,782)
Net interest income	44,192	41,025
Commission income	21,619	20,385
Commission expenses	(926)	(1,047)
Net commission income	20,693	19,337
Net profit (loss) from trading activities	13	(34)
Net profit (loss) from hedging activities	199	240
Profit (losses) from disposal or repurchase of:	(165)	(107)
(a) <i>loans</i>	14	-
(d) <i>financial liabilities</i>	(179)	(107)
Gross income	64,932	60,463
Net impairment losses on:	(18,216)	(13,631)
(a) <i>loans</i>	(18,166)	(13,442)

(In thousands of Euro)	31.12.2011	31.12.2010
(d) <i>other financial transactions</i>	(50)	(189)
Net financial operating income	46,715	46,832
Administrative expenses.....	(44,236)	(44,115)
(a) <i>staff costs</i>	(22,544)	(21,650)
(b) <i>other administrative expenses</i>	(21,693)	(22,465)
Net provisions for liabilities and charges	(359)	(711)
Net impairment losses on property, plan and equipment	(1,621)	(1,599)
Other operating income (expense)	4,300	4,770
Operating costs	(41,916)	(41,655)
Profits (losses) on disposal of investment	-	1
Profit (loss) from continuing operations before tax	4,799	5,177
Taxes on income for the year for continuing operations.....	(4,071)	(3,603)
Profit (loss) from continuing operations after tax	728	1,574
Profit (loss) for the period	728	1,574

Banco di San Giorgio S.p.A.

Banco di San Giorgio S.p.A. ("**Banco di San Giorgio**") was created in 1987 as a co-operative bank. In 1992 it became a Joint-Stock company and it was acquired by Credito Agrario Bresciano, which in 1998 changed its name into Banca Lombarda following its merger with Banca San Paolo di Brescia. In April 2007, Banco di San Giorgio became one of the network banks of the UBI Group.

Pursuant to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050 but it may be extended. Its registered office is in Genova, Via Ceccardi 1, and its principal objects, as set out in Article 4 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform both in Italy and abroad any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects, including the purchase of equity investments.

Areas of activity – general

Banco di San Giorgio is one of the nine network banks of the UBI Group and carries on its business by maintaining a close relationship with its customers in the territory where it operates. The bank is mainly present in Liguria and has a distinctive capability in understanding and serving the requirements of the local economy in that area. It carries on its business with the support and services provided directly or indirectly through its subsidiaries by its parent company, UBI Banca, and offers and sells products and services developed at parent bank level. It has a sales model divided up according to market segment: Retail, Corporate and Private. Because of the wide range of product companies within the UBI Group, Banco di San Giorgio is able to offer services and products which are both customised and evolved over time, and which are aimed at satisfying the needs of different kinds of customers.

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

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

Lending

The following table shows the lending of Banco di San Giorgio as at 31 December 2011 and 2010, broken down according to the type of loan.

Types of loans

(In thousands of Euro)	31.12.2011	%	31.12.2010	%
Current accounts	446,395	15.88	414,408	14.87

(In thousands of Euro)	31.12.2011	%	31.12.2010	%
Mortgage loans and other medium to long-term financing.....	2,109,450	75.02	2,059,277	73.87
Credit cards, personal loans and salary-backed loans	13,028	0.46	12,556	0.45
Other transactions	243,043	8.64	301,376	10.81
TOTAL	2,811,916	100.00	2,787,617	100.00

Defaulted and problem loans

The following table shows a breakdown of Banco di San Giorgio's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	310,314	10.77	(56,974)	253,340	9.02
Non-performing loans.....	120,238	4.17	(45,753)	74,485	2.65
Impaired loans.....	159,678	5.54	(10,179)	149,499	5.32
Restructured loans.....	13,157	0.46	(831)	12,326	0.44
Past due loans.....	17,241	0.60	(211)	17,030	0.61
Performing loans.....	2,572,726	89.23	(14,150)	2,558,576	90.98
TOTAL	2,883,040	100.00	(71,124)	2,811,916	100.00

Loans to customers as at 31 December 2010 (In thousand Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans.....	235,437	8.29	(39,212)	196,225	7.04
Non-performing loans.....	78,302	2.76	(31,362)	46,940	1.68
Impaired loans.....	127,630	4.49	(6,744)	120,886	4.34
Restructured loans.....	13,891	0.49	(658)	13,233	0.48
Past due loans.....	15,614	0.55	(448)	15,166	0.54
Performing loans.....	2,605,214	91.71	(13,822)	2,591,392	92.96
TOTAL	2,840,651	100.00	(53,034)	2,787,617	100.00

Funding

Banco di San Giorgio's principal sources of funding are as follows:

Direct funding from customers Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers.....	1,206,066	49.92	1,237,433	64.96
Securities in issue.....	1,209,730	50.08	667,460	35.04
TOTAL	2,415,796	100.00	1,904,893	100.00

Direct funding from customers	31.12.2011	%	31.12.2010	%
Current accounts and deposits.....	1,142,326	94.72	1,135,869	91.79
Time deposits	11,340	0.94	2,187	0.18
Financing	47,423	3.93	87,906	7.10
<i>Negative Repurchase agreement</i>	47,423	3.93	87,906	7.10
Other payables.....	4,977	0.41	11,471	0.93
TOTAL	1,206,066	100.00	1,237,433	100.00

Management

Banco di San Giorgio is managed by the Board of Directors, appointed by the General Meeting of Shareholders. The Board of Directors appoints the General Manager, who manages the day-to-day operations of the bank. In accordance with the by-Laws of Banco di San Giorgio, the Board of Directors has also set up an Executive Committee, to which it has delegated certain powers. In addition, Banco di San Giorgio is required to have a Board of Statutory Auditors, who verify that the company complies with applicable laws and its by-Laws, and the principles of correct administration, and that it maintains an adequate organisational structure, internal controls and administrative and accounting systems.

Board of Directors

The Board of Directors of Banco di San Giorgio consists of between nine and fourteen members and is currently composed of the following persons:

Name	Position
Riccardo Garrone ^(*)	Chairman
Eugenio Benvenuto ^(*)	Deputy Chairman
Lorenzo Acquarone	Director
Alberto Alberti ^(*)	Director
Riccardo Barbarini	Director
Adriano Filippo Calvini.....	Director
Ernesto Cauvin	Director
Andrea D'Angelo	Director
Luigi Luzzati	Director
Marco Macciò	Director
Enzo Papi.....	Director
Fernando Roaro ^(*)	Director
Giovanni Servetto	Director
Guido Testa ^(*)	Director

(*) Member of Executive Committee

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of Banco di San Giorgio as at and for the year ending 31 December 2014.

Board of Statutory Auditors

The following table sets out the current members of the Board of Statutory Auditors.

Name	Position
Filippo Rovetta.....	Chairman
Giovanni Ciurlo	Acting Auditor
Filippo Delfino	Acting Auditor
Paolo Golia	Alternate Auditor
Sergio Comincioli	Alternate Auditor

General Management

Name	Position
Sergio Mori	General Manager
Luigi Minolfi	Deputy General Manager

Auditors

The current independent auditors of Banco di San Giorgio are Reconta Ernst & Young S.p.A., who have been appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2011, Banco di San Giorgio has a 1.48 per cent stake in UBI Sistemi e Servizi S.c.p.A. and no other significant shareholdings in other companies.

Share capital and shareholders

As at 31 December 2011 Banco San Giorgio had an issued and fully paid-up share capital of Euro 102,119,430.00 Euro consisting of 68,079,620 ordinary shares with a nominal value of Euro 1.5 each.

Banco di San Giorgio's shares are unlisted and are 38.193 per cent. owned by UBI Banca (as at 31 December 2011), 57.50 per cent owned by Banca Regionale Europea S.p.A. and for the remaining part by minority shareholders.

Employees

At 31 December 2011, Banco di San Giorgio has 419 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 417 employees actually in service (“*Dipendenti effettivi in servizio*”), as at previous year end.

Financial information

The following tables set out non-consolidated balance sheet and income statement information relating to Banco di San Giorgio. Such information is derived from the separate financial statements of Banco di San Giorgio as at and for the years ended 31 December 2011 and 2010. For the avoidance of doubt, the financial statements of Banco di San Giorgio do not form part of this Prospectus. The financial statements of Banco di San Giorgio are prepared in accordance with IFRS.

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents	15,743	15,478
Financial assets held for trading	10,566	12,409
Available-for-sale financial assets	282	294
Loans to banks	136,588	151,081
Loans to customers	2,811,916	2,787,617
Hedging derivatives	8,734	5,076
Change in fair value of hedged financial assets	26,996	11,729
Equity investments	886	886
Property, plant and equipment	12,806	13,191
Intangible assets	72,387	73,367
of which goodwill:	60,382	60,382
Tax assets	11,281	9,274
(a) <i>current</i>	2,307	2,957
(b) <i>deferred</i>	8,974	6,317
Other assets	25,910	19,396
Total assets	3,134,095	3,099,798
Liabilities and Shareholders' Equity		
Due to banks	423,990	935,138
Due to customers	1,206,066	1,237,433
Securities issued	1,209,730	667,460
Financial liabilities held for trading	10,322	12,564
Hedging derivatives	35,862	18,725
Tax liabilities:	7,461	6,282
(a) <i>current</i>	2,607	2,775
(b) <i>deferred</i>	4,854	3,507
Other liabilities	30,580	33,267
Staff severance provisions	6,446	6,268
Provisions for liabilities and charges:	2,183	2,103
(b) <i>other provisions</i>	2,183	2,103
Valuation reserve	(570)	(365)
Reserves	18,591	18,230
Share issue premium	80,126	67,672
Capital	102,119	94,647
Profit for the year	1,190	375
Total liabilities and shareholders' equity	3,134,095	3,099,798

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income	105,849	87,773
Interest expense and similar	(52,024)	(36,708)
Net interest income	53,825	51,065
Commission income	25,991	25,834
Commission expenses	(1,108)	(1,232)
Net commission income	24,883	24,602
Dividends and similar income	9	13
Net profit (loss) from trading activities	(237)	(3,381)
Net profit (loss) from hedging activities	(66)	974

(In thousands of Euro)	31.12.2011	31.12.2010
Profit (loss) from disposal or repurchase of:	(155)	7
(a) <i>loans</i>	53	-
(d) <i>financial liabilities</i>	(208)	7
Gross income	78,260	73,280
Net impairment losses on:	(20,014)	(18,073)
(a) <i>loans</i>	(20,076)	(17,838)
(b) <i>Available-for-sale financial assets</i>	(78)	(2)
(d) <i>other financial transactions</i>	140	(233)
Net financial operating income	58,246	55,208
Administrative expenses	(55,052)	(54,503)
(a) <i>staff costs</i>	(28,269)	(27,523)
(b) <i>other administrative expenses</i>	(26,783)	(26,980)
Net provisions for liabilities and charges	(95)	(214)
Net impairment losses on property, plant and equipment	(1,165)	(1,133)
Net impairment losses on intangible assets	(980)	(980)
Other operating income (expense)	5,498	5,492
Operating costs	(51,793)	(51,338)
Profits (losses) on disposal of investment	-	-
Profit (loss) from continuing operations before tax	6,453	3,870
Taxes on income for the period for continuing operations	(5,263)	(3,495)
Profit (loss) from after tax	1,190	375
Profit (loss) for the period	1,190	375

UBI Banca Private Investment S.p.A.

UBI Banca Private Investment is a bank providing financial advisory and private banking services. It is 100 per cent. owned by UBI Banca. It was formed through the merger by incorporation, effective 1 January 2008, of UBI Società di Intermediazione Mobiliare S.p.A. into Banca Lombarda Private Investment S.p.A. The bank operates through a distribution network of about 750 financial advisors.

The Head Office and General Management of the Bank are located in Via Cefalonia, 74, Brescia (Italy). UBI Banca Private Investment S.p.A.'s fiscal code and registration number in the Company Registry of Brescia is 00485260459 and its VAT number is 02458160245; the company is part of the UBI Banca Group, registered under number 3111.2 in the Bank of Italy's Banking Groups' Registry.

Business object

According to Article 2 of its by-Laws, the duration of the company is up to 31 December 2050 but may be extended. Its principal objects, as set out in Article 3 of its by-Laws, are deposit-taking and the carrying-out of all forms of lending activities. For such purposes, it may, subject to compliance with legislation in force and obtaining the required authorisations, perform any transactions or banking or financial services, together with any other activity incidental to or in any way connected with the achievement of its corporate objects. The company may issue bonds in accordance with laws and regulations.

Lending

Composition of loans to customers (In thousands of Euro)

	31.12.2011	%	31.12.2010	%
Current accounts	35,103	7.62	23,327	5.31
Mortgage loans	403,651	87.61	391,920	89.17
Credit cards, personal loans and salary-backed loans	8,325	1.81	6,725	1.53
Other transactions	13,663	2.97	17,539	3.99
TOTAL	460,742	100.00	439,511	100.00

Defaulted and problem loans

The following table shows a breakdown of the Bank's loans as at 31 December 2011 and 2010.

Loans to customers as at 31 December 2011 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	17,353	3.72	(3,938)	13,415	2.91
Non performing loans	10,379	2.23	(3,701)	6,678	1.45
Impaired loans	5,887	1.26	(232)	5,655	1.23
Past due loans	1,087	0.23	(5)	1,082	0.23
Performing loans	448,405	96.28	(1,078)	447,327	97.09
TOTAL	465,758	100.00	(5,016)	460,742	100.00

Loans to customers as at 31 December 2010 (In thousands of Euro)	Gross exposure	%	Total net impairment losses	Net exposure	%
Deteriorated loans	16,272	3.66	(3,242)	13,030	2.96
Non performing loans	8,125	1.83	(2,973)	5,152	1.17
Impaired loans	6,162	1.39	(265)	5,897	1.34
Past due loans	1,985	0.44	(4)	1,981	0.45
Performing loans	427,814	96.34	(1,333)	426,481	97.04
TOTAL	444,086	100.00	(4,575)	439,511	100.00

Funding

The following table presents the sources of the Bank's funding as at 31 December 2011 and 2010.

Figures in thousands of Euro	31.12.2011	%	31.12.2010	%
Due to customers	514,498	99.51	489,429	100.00
Securities in issue	2,522	0.49	-	-
TOTAL	517,020	100.00	489,429	100.00

Direct funding from customers	31.12.2011	%	31.12.2010	%
Current accounts and deposits	496,458	96.49	472,236	96.49
Time deposits	959	0.19	205	0.04
Financing	5,163	1.00	9,239	1.89
<i>Negative Repurchase agreement</i>	2,579	0.50	7,951	1.63
<i>Others</i>	2,584	0.50	1,288	0.26
Other payables	11,918	2.32	7,749	1.58
TOTAL	514,498	100.00	489,429	100.00

UBI Private Investment's Board of Directors, Statutory Board of Auditors and Management

Board of Directors

The Board of Directors of UBI Banca Private Investment S.p.A. presently consists of the following persons:

Name	Position
Mario Comana	Chairman
Giovanni Lecchi	Deputy Chairman
Antonio Bertoni	Director
Gianluca Bisognani	Director
Luigi Venturati	Director

The present Board of Directors has been appointed for a term of office expiring at the shareholders' meeting convened to approve the annual financial statements of UBI Banca Private Investment for the year ending 31 December 2014.

Board of Statutory Auditors

The following table sets out the composition of the Board of Statutory Auditors.

Name	Position
Giulio Castelli	Chairman

Name	Position
Leonardo Lanzani	Acting Auditor
Maria Rachele Vigani	Acting Auditor
Sergio Comincioli	Alternate Auditor
Claudio Uberti	Alternate Auditor

General Management

Name	Position
Cesare Colombi	General Manager

Auditors

The auditors of UBI Banca Private Investment S.p.A. are Reconta Ernst & Young S.p.A., appointed to audit the bank's annual financial statements up to the year ending 31 December 2012.

Subsidiaries and associated companies

As at 31 December 2011, UBI Banca Private Investment has a 1.48 per cent. stake in UBI Sistemi e Servizi S.c.p.A.

Share capital and shareholders

According to Article 4 of its by-Laws, UBI Banca Private Investment has issued and fully paid-up capital of Euro 67,950,000 consisting of 22,650,000 shares with a nominal value of Euro 3.00 each.

UBI Banca Private Investment shares are unlisted and fully owned by UBI Banca (as at 31 December 2011).

Employees

As at 31 December 2011, UBI Banca Private Investment has 165 employees actually in service (“*Dipendenti effettivi in servizio*”), compared to 168 employees actually in service, as at the previous year end.

Financial Information

The following tables set out non-consolidated balance sheet and income statement information relating to UBI Banca Private Investment. Such information is derived from the separate financial statements of UBI Banca Private Investment as at and for the year ended 31 December 2011 as well as the separate financial statements as at the year ended 31 December 2010. The financial statements are prepared in accordance with IFRS. For the avoidance of doubt, the financial statements of UBI Banca Private Investment do not form part of this Prospectus. The main financial information is the following:

BALANCE SHEET

(In thousands of Euro)	31.12.2011	31.12.2010
Assets		
Cash and cash equivalents	2,135	2,870
Financial assets held for trading	-	5
Loans to banks	110,978	233,304
Loans to customers	460,742	439,511
Hedging derivatives	-	26
Change in fair value of hedged financial assets	4,198	2,802
Equity investments	783	783
Property, plant and equipment	1,991	2,028
Intangible assets	27,873	30,671
<i>of which goodwill:</i>	<i>27,873</i>	<i>30,671</i>
Tax assets	2,811	2,997
(a) <i>current</i>	<i>861</i>	<i>1,129</i>
(b) <i>deferred</i>	<i>1,950</i>	<i>1,868</i>
Other assets	10,281	10,225
Total assets	621,792	725,221
Liabilities and Shareholders' Equity		
Due to banks	2,289	134,536
Due to customers	514,498	489,429
Securities issued	2,522	-

(In thousands of Euro)	31.12.2011	31.12.2010
Financial liabilities held for trading.....	-	4
Hedging derivatives.....	8,120	6,059
Tax liabilities:.....	1,727	1,652
(a) <i>current</i>	1,066	815
(b) <i>deferred</i>	661	837
Other liabilities.....	12,876	12,355
Staff severance provisions.....	780	746
Provisions for liabilities and charges:.....	3,995	3,828
(b) <i>other provisions</i>	3,995	3,828
Valuation reserve.....	(125)	(107)
Reserves.....	8,769	8,712
Share issue premium.....	67,950	67,950
Profit for the year.....	(1,609)	57
Total liabilities and shareholders' equity	621,792	725,221

INCOME STATEMENT

(In thousands of Euro)	31.12.2011	31.12.2010
Interest and similar income.....	15,744	14,191
Interest expense and similar.....	(6,069)	(7,438)
Net interest income	9,675	6,753
Commission income.....	66,092	71,592
Commission expenses.....	(38,002)	(42,177)
Net commission income	28,090	29,415
Dividends and similar income.....	-	72
Net profit (loss) from trading activities.....	(291)	(1,534)
Net profit (loss) from hedging activities.....	(109)	23
Profit (loss) from disposal or repurchase of:.....	(70)	5
(d) <i>financial liabilities</i>	(70)	5
Gross income	37,295	34,734
Net impairment losses on:.....	(392)	(437)
(a) <i>loans</i>	(345)	(404)
(d) <i>other financial transactions</i>	(47)	(33)
Net financial operating income	36,903	34,297
Administrative expenses.....	(35,377)	(34,651)
(a) <i>staff costs</i>	(14,523)	(13,204)
(b) <i>other administrative expenses</i>	(20,854)	(21,446)
Net provisions for liabilities and charges.....	(168)	206
Net impairment losses on property, plant and equipment.....	(652)	(777)
Net impairment losses on intangible assets.....	-	-
Other operating income (expense).....	2,122	1,527
Operating costs	(34,075)	(33,694)
Profit (loss) of equity investments.....	-	469
Impairment on goodwill.....	(2,798)	-
Profit (loss) from continuing operations before tax	30	1,071
Taxes on income for the period for continuing operations.....	(1,639)	(1,014)
Profit (loss) from after tax	(1,609)	57
Profit (loss) for the period	(1,609)	57

OVERVIEW OF THE TRANSACTION DOCUMENTS

Covered Bond Guarantee

On 2 April 2012, the Guarantor, the Issuer and the Representative of the Covered Bondholders entered into the Covered Bond Guarantee pursuant to which the Guarantor agreed to issue, for the benefit of the Covered Bondholders and the Other Issuer Creditors, a first demand, unconditional, irrevocable and autonomous guarantee to support payments of interest and principal under the Covered Bonds issued by the Issuer under the Programme and other payments due to the Other Issuer Creditors. Under the Covered Bond Guarantee the Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become due and payable but which would otherwise be unpaid by the Issuer. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct and unconditional, unsubordinated and limited recourse obligations of the Guarantor, collateralised by the Cover Pool as provided under the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

The Representative of the Covered Bondholders will enforce the Covered Bond Guarantee: (i) following the occurrence of an Issuer Event of Default and subject to any applicable grace periods, by serving an Issuer Default Notice on the Issuer and the Guarantor; and (ii) following the occurrence of a Guarantor Event of Default and subject to any applicable grace periods, by serving a Guarantor Default Notice on the Guarantor.

Following the service of an Issuer Default Notice by the Representative of the Covered Bondholders, payment of the Guaranteed Amounts shall be made by the Guarantor on the dates scheduled and for the amounts determined in accordance with the Guarantee Priority of Payments.

Under the Covered Bond Guarantee, the parties have agreed that, should a resolution pursuant to article 74 of the Consolidated Banking Act be issued in respect of the Issuer, although such event constitutes an Issuer Event of Default, the consequences thereof will only apply during the Suspension Period. Following an Article 74 Event:

- (i) the Representative of the Covered Bondholders will serve an Issuer Default Notice on the Issuer and the Guarantor, specifying that an Article 74 Event has occurred and that such event may be temporary; and
- (ii) in accordance with Decree No. 310, the Guarantor shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the Suspension Period at their relevant due date *provided that* it shall be entitled to claim any such amounts from the Issuer.

The Suspension Period shall end upon delivery by the Representative of the Covered Bondholders to the Issuer, the Guarantor and the Asset Monitor of an Article 74 Event Cure Notice, informing such parties that the Article 74 Event has been revoked.

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

Under the Covered Bond Guarantee, the parties thereto have also agreed that, upon enforcement of the Covered Bond Guarantee, the Guarantor shall be entitled to request from the Issuer — also prior to any payments are effected by the Guarantor under the Covered Bond Guarantee — an amount up to the Guaranteed Amounts, in order to secure the Issuer obligations to the subrogation right of the Guarantor. Any sum so received or recovered from the Issuer will be used to make payments in accordance with the Covered Bond Guarantee. The parties have also agreed that the Guarantor shall no longer be entitled request to the Issuer payment of such amounts if a Guarantor Default Notice is delivered by the Representative of the Covered Bondholders or the Covered Bonds have been otherwise accelerated pursuant to the Conditions.

The service of a Guarantor Default Notice by the Representative of the Covered Bondholders will result in the acceleration of the right of the Covered Bondholders of each Series of Covered Bonds issued to receive payment of the Guaranteed Amounts and the Representative of the Covered Bondholders will demand the immediate payment by the Guarantor of all Guaranteed Amounts. Payments made by the Guarantor following the service of a Guarantor Event of Default shall be made *pari passu* and on a *pro-rata* basis to the Covered Bondholders of all outstanding Series of Covered Bonds, in accordance with the Post-Enforcement Priority of Payments.

Pursuant to the terms of the Covered Bond Guarantee, the recourse of the Covered Bondholders and the Other Issuer Creditors to the Guarantor under the Covered Bond Guarantee will be limited to the Guarantor Available Funds.

Furthermore, under the Covered Bond Guarantee, the parties have agreed that as of the date of administrative liquidation (*liquidazione coatta amministrativa*) of the Issuer or following the delivery of an Issuer Default Notice to the Issuer and the Guarantor, the Guarantor (or the Representative of the Covered Bondholders pursuant to the Intercreditor Agreement) shall exercise, on an exclusive basis and in compliance with the provisions of article 4 of the Decree No. 310, the rights of the Covered Bondholders against the Issuer and any amount recovered from the Issuer will be part of the Guarantor Available Funds.

To the extent that the Guarantor makes, or there is made on its behalf, a payment of any amount under the Covered Bond Guarantee, the Guarantor will be fully and automatically subrogated to the Covered Bondholders' and Other Issuer Creditors' rights against the Issuer pursuant to article 2900 *et seq.* of the Italian Civil Code.

Governing law

The Covered Bond Guarantee is governed by Italian law.

Subordinated Loan Agreements

On 29 February 2012, each Seller and the Guarantor entered into a Subordinated Loan Agreement pursuant to article 7-*bis* of the Securitisation and Covered Bond Law under which each Seller granted or will grant to the Guarantor a term loan facility in an aggregate amount equal to the relevant Total Commitment, for the purposes of funding the purchase by the Guarantor of (i) Eligible Assets from the relevant Seller pursuant to the terms of the relevant Master Loans Purchase Agreement and (ii) Eligible Asset and/or Top-Up Assets from the relevant Seller pursuant to the terms of the Cover Pool Management Agreement.

Pursuant to the relevant Subordinated Loan Agreement, each Subordinated Lender has acknowledged its undertakings (i) pursuant to the Cover Pool Management Agreement, to transfer further Eligible Assets and/or Top-Up Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Loans Purchase Agreement, to make available to the Guarantor further Term Loans in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the relevant Master Loans Purchase Agreement.

The obligation of each Seller (in its capacity as Subordinated Lender) to advance a Term Loan to the Guarantor under the relevant Subordinated Loan Agreement will be off-set against the obligation of the Guarantor to pay to the relevant Seller the purchase price for the Eligible Assets and Top-Up Assets funded by means of the relevant Term Loan.

On each Guarantor Payment Date and subject to the relevant Subordinated Lender having paid to the Guarantor any shortfall amount, the Guarantor will pay to the Subordinated Lender the amount of the Premium, if any, payable to such Subordinated Lender on the relevant Guarantor Payment Date in accordance with the applicable Priority of Payments and the terms of the relevant Subordinated Loan Agreement.

Interest and Premium, if any, payable in respect of a Term Loan shall be payable on each Guarantor Payment Date following the Drawdown Date (as defined under each Subordinated Loan Agreement) of that Term Loan, subject to the relevant Priority of Payments.

Prior to the delivery of an Issuer Default Notice, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the Pre Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, provided that such repayment does not result in a breach of any of the Tests or the Relevant Portfolio Test.

Following the service of an Issuer Default Notice, the Term Loans shall be repaid within the limits of the Guarantor Available Funds subject to the repayment in full (or, prior to the service of a Guarantor Default Notice, the accumulation of funds sufficient for the purpose of such repayment) of all Covered Bonds.

Governing law

Each Subordinated Loan Agreement is governed by Italian law.

Master Loans Purchase Agreements

On 29 February 2012 each Seller and the Guarantor entered into the Master Loans Purchase Agreements, as amended from time to time, pursuant to which, each Seller will assign and transfer to the Guarantor, and the Guarantor will purchase, without recourse (*pro soluto*) from the relevant Seller, an Initial Portfolio and New Portfolios of Eligible Assets and Top-Up Assets that shall form part of the Cover Pool, in accordance with articles 4 and 7-*bis* of the Securitisation and Covered Bond Law and article 2 of Decree No. 310.

Under each Master Loans Purchase Agreement, upon satisfaction of certain conditions set out therein, the relevant Seller (i) may or shall, as the case may be, assign and transfer, without recourse (*pro soluto*), to the Guarantor and the Guarantor shall purchase, without recourse (*pro soluto*) from the relevant Seller, New Portfolios which shall form part of the Cover Pool held by the Guarantor, if such transfer is required under the terms of the Cover Pool Management Agreement in order to ensure the compliance of the Cover Pool with the Tests or with the 15 per cent threshold limit with respect to Top-Up Assets provided for by Decree No. 310 and the Bank of Italy Regulations; and (ii) may transfer New Portfolios to the Guarantor, and the Guarantor shall purchase from each Seller such New Portfolios, in order to supplement the Cover Pool in connection with the issuance of further Series of Covered Bonds under the Programme in accordance with the Programme Agreement.

In addition to (i) and (ii) above, under the terms and subject to the conditions of the Master Loans Purchase Agreement, prior to the delivery to the Issuer and the Guarantor of an Issuer Default Notice, each Seller may transfer New Portfolios to the Guarantor, which will fund the purchase price thereof through the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account.

The Purchase Price payable for the Initial Portfolio has been determined pursuant to each Master Loans Purchase Agreement. Under each Master Loans Purchase Agreement the relevant parties thereto have acknowledged that the Purchase Price for the Initial Portfolio shall be funded through the proceeds of the first Term Loan under the relevant Subordinated Loan Agreement. The Purchase Price for each New Portfolio will be equal to the aggregate amount of the Individual Purchase Price of all Receivables comprised in such New Portfolio as at the relevant Transfer Date.

In case the Purchase Price is paid with the principal collections then standing to the credit of the relevant Luxembourg Principal Collection Account and, upon the settlement procedure set out above, the Guarantor is required to pay amounts to the Seller in excess of the Purchase Price already paid, such amounts will be deducted from the amounts due to the relevant Seller as repayment of the outstanding Term Loans and, to the extent no such amounts are available, through the proceeds of an appropriate Term Loan to be made available by the relevant Seller as Subordinated Lender pursuant to the relevant Subordinated Loan Agreement.

Each initial Seller has sold to the Guarantor, and the Guarantor has purchased from such Seller, the Receivables comprised in the Initial Portfolio, which meet the Common Criteria (as described in detail in the section headed "*Description of the Cover Pool*") and the relevant specific criteria (as described in detail under each relevant Master Loans Purchase Agreement). Receivables comprised in any New Portfolio to be transferred under the relevant Master Loans Purchase Agreement shall meet, in addition to the Common Criteria, the relevant specific criteria and/or any further criteria.

Pursuant to each Master Loans Purchase Agreement, prior to the occurrence of an Issuer Event of Default, the relevant Seller will have the right to repurchase individual Receivables (including Defaulted Receivables) transferred to the Guarantor under the Master Loans Purchase Agreement.

After the service of an Issuer Default Notice, the Guarantor will, prior to disposing of the Eligible Assets or Top-Up Assets pursuant to the terms of the Cover Pool Management Agreement, offer to sell the Eligible Assets to the relevant Seller at a price equal to the minimum purchase price of the relevant Eligible Assets as determined pursuant to the Cover Pool Management Agreement. If the Guarantor should subsequently propose to transfer such assets for a price lower than the minimum purchase price as determined pursuant to the Cover Pool Management Agreement, it shall again offer such assets to the relevant Seller on the same terms and conditions offered by such third parties before entering into a transfer agreement with the latter.

Governing law

Each Master Loan Purchase Agreement is governed by Italian law.

Warranty and Indemnity Agreement

On 29 February 2012, each Seller and the Guarantor entered into a Warranty and Indemnity Agreement pursuant to which each Seller has given certain representations and warranties in favour of the Guarantor in respect of, *inter alia*, itself, the Portfolio transferred and to be transferred by it pursuant to the relevant Master Loans Purchase Agreement, the Real Estate Assets over which the relevant Mortgages are established and certain other matters in relation to the issue of the Covered Bonds and has agreed to indemnify the Guarantor in respect of certain liabilities of the Guarantor that may be incurred, *inter alia*, in connection with the purchase and ownership of the relevant Portfolio.

Each Warranty and Indemnity Agreement contains representations and warranties given by the relevant Seller as to matters of law and fact affecting the relevant Seller including, without limitation, that the relevant Seller validly exists as a legal entity, has the corporate authority and power to enter into the Transaction Documents to which it is party and assume the obligations contemplated therein and has all the necessary authorisations for such purpose.

Each Warranty and Indemnity Agreement sets out certain representations and warranties in respect of the Portfolio to which it relates, including, *inter alia*, that, as of the date of execution of each Warranty and Indemnity Agreement, the Receivables comprised in the Initial Portfolio (i) are valid, in existence and in compliance with the criteria set forth under the relevant Master Loans Purchase Agreement, and (ii) relate to Mortgage Loan Agreements which have been entered into, executed and performed by the relevant Seller in compliance with all applicable laws, rules and regulations.

Pursuant to each Warranty and Indemnity Agreement, the relevant Seller has agreed to indemnify and hold harmless the Guarantor, its officers or agents or any of its permitted assigns from and against any and all damages, losses, claims, costs and expenses awarded against, or incurred by such parties which arise out of or result from, *inter alia*, any representation and warranty given by the Seller under or pursuant to the relevant Warranty and Indemnity Agreement being false, incomplete or incorrect.

Governing law

Each Warranty and Indemnity Agreement is governed by Italian law.

Master Servicing Agreement

On 29 February 2012, the Master Servicer, each Seller (in its capacity as Sub-Servicer and Service Provider) and the Guarantor entered into the Master Servicing Agreement, as amended from time to time pursuant to which the Guarantor has appointed Unione di Banche Italiane S.c.p.A. as Master Servicer of the Receivables. The Master Servicer will act as the "*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*" pursuant to the Securitisation and Covered Bond Law and will be responsible for the receipt of the Collections acting as agent (*mandatario con obbligo di rendiconto*) of the Guarantor. In such capacity, the Master Servicer shall also be responsible for ensuring that such operations comply with the provisions of articles 2.3, letter (c), and 2.6 of the Securitisation and Covered Bond Law.

Pursuant to the Master Servicing Agreement the Master Servicer will transfer the interest and principal collections with respect to the Receivables credited to the Italian Collection Account pertaining to each Seller to, as appropriate, the relevant Luxembourg Interest Collection Account and Luxembourg Principal Collection Account held with the Luxembourg Account Bank within the immediately following Business Day.

Under the Master Servicing Agreement the Master Servicer has delegated each Seller, in its capacity as Sub-Servicer, to carry out on behalf of the Guarantor and in accordance with the Master Servicing Agreement and the Credit and Collection Policy the management, administration, collection and recovery activities with respect to the Receivables transferred by the relevant Seller to the Guarantor.

The Master Servicer will not be responsible for the actions undertaken by the Sub-Servicers which will be responsible for the fulfilment of the obligations undertaken by them under the Master Servicing Agreement on an individual basis and without joint liability.

Under the Master Servicing Agreement, the Guarantor has also directly appointed each Seller to act as Service Provider in order to carry out certain monitoring and reporting activities with respect to the Receivables transferred by the relevant Seller to the Guarantor. Each Service Provider has confirmed, in relation to its undertakings pursuant to the Master Servicing Agreement, its willingness to be the autonomous holder (*titolare*

autonomo del trattamento dei dati personali) for the processing of personal data in relation to the Receivables, pursuant to the Privacy Law.

The Master Servicer has undertaken to deliver to, *inter alios*, the Guarantor, the Asset Monitor, the Representative of the Covered Bondholders, the Principal Paying Agent and the Corporate Servicer, the Monthly Servicer's Report and the Quarterly Servicer's Report prepared on the basis of the information reported by each Seller as Service Provider.

The Master Servicer and each Service Provider have represented to the Guarantor that each has all skills, software, hardware, information technology and human resources necessary to comply with the efficiency standards required by the Master Servicing Agreement in relation to the respective responsibilities.

The Guarantor may terminate the Master Servicer's and each Service Provider's appointment and appoint a successor master servicer or service provider if certain events occur, namely:

- (a) with respect to the Master Servicer (each, a "**Master Servicer Termination Event**"):
 - (i) failure (not attributable to *force majeure*) to deposit or pay any amount required to be paid or deposited which failure continues for a period of 10 Business Days following receipt of a written notice from the Guarantor requiring the relevant amount to be paid or deposited;
 - (ii) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor (*provided that* a failure ascribable to any Sub-Servicers delegated by the Master Servicer shall not constitute a Master Servicer Termination Event);
 - (iii) an Insolvency Event occurs with respect to the Master Servicer;
 - (iv) it becomes unlawful for the Master Servicer to perform or comply with any of its obligations under the Master Servicing Agreement;
 - (v) the Master Servicer is or will be unable to meet the current or future legal requirements and the Bank of Italy's Regulations for entities acting as servicers in the context of a covered bonds transaction;

- (b) with respect to each Service Provider (each, a "**Service Provider's Termination Event**"):
 - (i) failure to observe or perform duties under specified clauses of the Master Servicing Agreement and the continuation of such failure for a period of 10 Business Days following receipt of written notice from the Guarantor;
 - (ii) an Insolvency Event occurs with respect to the Service Provider;
 - (iii) it becomes unlawful for the Service Provider to perform or comply with any of its obligations under the Master Servicing Agreement.

Governing law

The Master Servicing Agreement is governed by Italian law.

Programme Agreement

For a description of the Programme Agreement, see "*Subscription and Sale*".

Intercreditor Agreement

On 2 April 2012, the Guarantor and the Other Creditors entered into the Intercreditor Agreement, as amended from time to time. Under the Intercreditor Agreement provision is made as to the application of the proceeds from Collections in respect of the Cover Pool and as to the circumstances in which the Representative of the Covered Bondholders will be entitled, in the interest of the Covered Bondholders, to exercise certain of the Guarantor's rights in respect of the Cover Pool and the Transaction Documents.

In the Intercreditor Agreement the Other Creditors have agreed, *inter alia*: to the order of priority of payments to be made out of the Guarantor Available Funds; that the obligations owed by the Guarantor to the Covered Bondholders and, in general, to the Other Creditors are limited recourse obligations of the Guarantor; and that the Covered Bondholders and the Other Creditors have a claim against the Guarantor only to the extent of the Guarantor Available Funds.

Under the terms of the Intercreditor Agreement, the Guarantor has undertaken, following the service of a Guarantor Default Notice, to comply with all directions of the Representative of the Covered Bondholders, acting pursuant to the Conditions, in relation to the management and administration of the Cover Pool.

Governing law

The Intercreditor Agreement is governed by Italian law.

Asset Monitor Agreement

On 2 April 2012, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, whereby each of the Issuer and the Guarantor has appointed the Asset Monitor to perform the services set out therein — please see "*The Asset Monitor*" below.

The appointment by the Guarantor will become effective only subject to, and with effect from, the delivery of an Issuer Default Notice, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, the Asset Monitor will provide the services to the Guarantor up to the date on which the Representative of the Covered Bondholder will have delivered an Article 74 Event Cure Notice.

Pursuant to the Asset Monitor Agreement, the Asset Monitor has agreed to the Issuer and, upon delivery of an Issuer Default Notice, to the Guarantor, to verify, subject to due receipt of the information to be provided by the Calculation Agent to the Asset Monitor, the arithmetic accuracy of the calculations performed by the Calculation Agent in relation to the Statutory Tests and the Amortisation Test carried out pursuant to the Cover Pool Management Agreement, with a view to confirming whether such calculations are accurate.

In the Asset Monitor Agreement, the Asset Monitor has acknowledged to perform its services also for the benefit and in the interests of the Guarantor (to the extent it will carry out the services under the appointment of the Issuer) and the Covered Bondholders and accepted that upon delivery of an Issuer Default Notice, it will receive instructions from, provide its services to, and be liable *vis-à-vis* the Guarantor or the Representative of the Covered Bondholders on its behalf.

In addition, on or prior to each relevant date as set out in the Asset Monitor Agreement, the Asset Monitor has undertaken to deliver to the Guarantor, the Calculation Agent, the Representative of the Covered Bondholders and the Issuer the Asset Monitor Report (as defined under the Asset Monitor Agreement).

The Issuer or the Guarantor (as the case may be) may, until the occurrence of an Issuer Event of Default without any prior approval of the Representative of the Covered Bondholders and following the occurrence of an Issuer Event of Default with the prior approval of the Representative of the Covered Bondholders, revoke the appointment of the Asset Monitor, in either case by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants) written notice to the Asset Monitor (with a copy to the Representative of the Covered Bondholders and the Calculation Agent). The Asset Monitor may resign from its appointment under the Asset Monitor Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Issuer, the Guarantor, the Calculation Agent and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Asset Monitor Agreement.

Governing law

The Asset Monitor Agreement is governed by Italian law.

Cash Allocation, Management and Payments Agreement

On 2 April 2012, the Guarantor, the Issuer, the Sellers (also in their capacity as Sub-Servicers and Service Providers), the Master Servicer, the Italian Account Bank, the Luxembourg Account Bank, the Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer and the Representative of the Covered

Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Italian Collection Accounts, the Quota Capital Account and the Expenses Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) the Luxembourg Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Luxembourg Principal Collection Accounts, the Luxembourg Interest Collection Accounts and the Reserve Fund Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such accounts. In addition the Luxembourg Account Bank has agreed to provide the Guarantor with certain payment services pursuant to the terms of the Cash Allocation, Management and Payments Agreement;
- (iii) the Principal Paying Agent has agreed to provide the Guarantor (and, prior to the delivery of an Issuer Default Notice, the Issuer) with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement; and
- (iv) the Calculation Agent has agreed to provide the Guarantor with calculation services.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke its appointment of any Agent under the Cash Allocation, Management and Payment Agreement by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders and the Issuer subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement.

Governing law

The Cash Allocation, Management and Payments Agreement is governed by Italian law.

Cover Pool Management Agreement

On 2 April 2012, the Issuer, the Guarantor, the Asset Monitor, the Calculation Agent, the Sellers and the Representative of the Covered Bondholders entered into the Cover Pool Management Agreement, as amended from time to time, pursuant to which they have agreed certain terms regulating, *inter alia*, the performance of the Tests with respect to the Cover Pool and the purchase and sale by the Guarantor of assets included in the Cover Pool.

Under the Cover Pool Management Agreement, starting from the Issue Date of the first Series of Covered Bonds and until the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their Final Terms, each Seller (and failing the Seller to do so, the Issuer and, failing the Issuer, the other Seller(s)) has undertaken to procure that on any Calculation Date each of the Statutory Tests is met with respect to the Cover Pool. In addition, on each Calculation Date following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice (but prior to service of a Guarantor Default Notice) the Calculation Agent shall verify that the Amortisation Test is met with respect to the Cover Pool.

The Calculation Agent has agreed to prepare and deliver to Issuer, the Sellers, the Guarantor, the Representative of the Covered Bondholders and the Asset Monitor a report setting out the calculations carried out by it in respect to the Statutory Tests, the Amortisation Test and other information such as, *inter alia*, the Top-up Assets Limits (the "**Test Performance Report**"). Such Test Performance Report shall specify the amount of Top-Up Assets in relation to each Seller, the occurrence of a breach of the Statutory Tests and/or of the Amortisation

Test and the Portfolio with respect to which a shortfall has occurred, identified on the basis of the Seller (or Sellers) which transferred it to the Guarantor (each, a "**Relevant Seller**").

If the Calculation Agent notifies the breach of any Test during the Test Grace Period, the Guarantor will purchase Eligible Assets and/or Top-Up Assets, to be transferred by (a) the Relevant Seller(s); and/or (b) upon the occurrence of the circumstances set out below, the Issuer; and/or (c) upon the occurrence of the circumstances set out below, the other Sellers, in an aggregate amount sufficient to ensure, also taking into account the information provided by the Calculation Agent in the Test Performance Report notifying the relevant breach, that as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool.

Each Seller has undertaken, to the extent it is identified as a Relevant Seller, to promptly deliver a written notice to the Guarantor, the Issuer and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor (the "**Relevant Seller Notice**"). To the extent that the Relevant Seller deems that the circumstances above will only prevent it from transferring to the Guarantor a part of the Eligible Assets and/or Top-Up Assets required, for the purpose of allowing the Issuer or, as appropriate, the other Seller(s) to determine the amount of Eligible Assets and Top-Up Assets to be transferred to remedy the breach of Tests, the Relevant Seller Notice shall specify the amount of Eligible Assets and Top-Up Assets that the Relevant Seller will not be able to transfer.

To the extent that, within the 1st (first) Calculation Date following the date on which the breach of the Tests has occurred, the Issuer has received a Relevant Seller Notice from the Relevant Seller(s) or the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets to be transferred to remedy the Tests, the Issuer has undertaken to (a) transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool and (b) accordingly to promptly deliver a written notice, substantially in the form of the Relevant Seller Notice, to the Guarantor and the other Seller(s) informing them of any circumstance which may prevent it from complying (in part or in full) with its obligation to transfer the required amount of Eligible Assets and/or Top-Up Assets to the Guarantor.

To the extent that, within the 2nd (second) Calculation Date following the date on which the breach of the Tests has occurred, (a) the Issuer has received a Relevant Seller Notice from the Relevant Seller(s); or (b) the Guarantor has not received an offer by the Relevant Seller in accordance with the relevant Master Loans Purchase Agreement in respect of such Eligible Assets and/or Top-Up Assets; and (i) the other Seller(s) have received a notice substantially in the form of a Relevant Seller Notice from the Issuer; or (ii) the Guarantor has not received a contractual proposal by the Issuer in respect of such Eligible Assets and/or Top-Up Assets, the other Seller(s), jointly and severally, have undertaken to transfer to the Guarantor Eligible Assets and/or Top-Up Assets, in the aggregate amount sufficient to ensure that, as of the Calculation Date falling at the end of the Test Grace Period, all Tests are satisfied with respect to the Cover Pool. The undertakings described above, assumed by each of the Seller, are conditional upon transfer of the relevant Initial Portfolio by each of them to the Guarantor.

The parties to the Cover Pool Management Agreement have acknowledged that, at any time prior to the delivery of an Issuer Default Notice, the aggregate amount of Top-Up Assets included in the Cover Pool may not exceed 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, pursuant to the combined provisions of Decree No. 310 and the Bank of Italy Regulations. In this respect, the Calculation Agent has undertaken to determine, on each Calculation Date, the amount of Top-Up Assets (including any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets already transferred to the Guarantor) forming part of the Cover Pool and to report such calculation in each Test Performance Report.

Should it result from any Test Performance Report that the aggregate amount of Top-Up Assets included in the Cover Pool is in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, then the Seller(s) in relation to which the aggregate amount of (i) Top-Up Assets transferred by such Seller(s) to the Guarantor and (ii) the Collections and Recoveries on the relevant Portfolio is in excess of 15 per cent. of the Outstanding Principal Balance of the relevant Portfolio (the "**Relevant Top-Up Assets Excess**") shall, during the 3rd (third) following Calculation Period, transfer to the Guarantor New Portfolio(s) of Eligible Assets in an aggregate amount at least equal to the Relevant Top-Up Asset Excess; provided however that such transfer will not be necessary if the Relevant Top-Up Assets Excess has been cured in full on or prior to the 3rd (third) Guarantor Payment Date immediately following the Calculation Date in which any such Test Performance

Report has been delivered, upon repayment by the Guarantor of any Term Loan outstanding under the relevant Subordinated Loan Agreement in accordance with the Pre-Issuer Event of Default Principal Priority of Payments.

The purchase price of New Portfolio(s) of Eligible Assets so transferred will be financed (i) through the principal collections standing to the credit of the relevant Luxembourg Principal Collection Accounts, pursuant to Clause 3.4 of the relevant Master Loans Purchase Agreement or (ii) if the sums standing to the credit of the relevant Luxembourg Principal Collection Accounts are not sufficient to fund the purchase price of such New Portfolio(s) of Eligible Assets, through the proceeds of Term Loan(s) advanced by such Seller(s) to the Guarantor pursuant to the relevant Subordinated Loan Agreement.

The parties have also acknowledged and agreed that, if notwithstanding one or more Seller(s) having pursued the remedies set out in above, the aggregate amount of Top-Up Assets included in the Cover Pool is still in excess of 15 per cent. of the aggregate Outstanding Principal Balance of the Cover Pool, (a) the obligations to transfer New Portfolio(s) of Eligible Assets will be undertaken by the Issuer and/or the other Seller(s) (which for such purpose are deemed to be Relevant Seller(s)) in the circumstances set out above and (b) the obligations to fund the purchase price of such New Portfolio(s) of Eligible Assets will be funded as described below.

Following the delivery of an Issuer Default Notice on the Issuer and the Guarantor, any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets transferred to the Guarantor may then exceed the 15 per cent. limit of the aggregate Outstanding Principal Balance of the Cover Pool and the above provisions shall cease to apply, provided however that, should the Issuer Default Notice consist of an Article 74 Event, such provisions will again apply upon delivery of an Article 74 Cure Notice.

For the purpose of allowing the Guarantor to fund the purchases referred to above:

- (a) each Relevant Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such Relevant Seller, also acknowledging that the Total Commitment set out from time to time under the relevant Subordinated Loan Agreement shall not be a limitation with respect to the Relevant Seller's obligation to advance the Term Loans to the Guarantor in order to fund the purchase price for the relevant Eligible Assets and Top-Up Assets;
- (b) the Issuer has undertaken to advance a subordinated loan to the Guarantor on substantially the same terms as provided for under the Subordinated Loan Agreements in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by the Issuer; and
- (c) each other Seller, in its capacity as Subordinated Lender, has undertaken to advance to the Guarantor a Term Loan in accordance with the relevant Subordinated Loan Agreement in an amount equal to the purchase price to be paid by the Guarantor for the Eligible Assets and/or Top-Up Assets to be transferred by such other Seller.

The Guarantor will not be allowed under the Cover Pool Management Agreement to purchase Eligible Assets and/or Top-Up Assets from any other entities that are not part of the UBI Banca Group.

If, within the Test Grace Period, the relevant breach of the Tests is not remedied in accordance with the terms of the Cover Pool Management Agreement, the Representative of the Covered Bondholders will deliver:

1. an Issuer Default Notice to the Issuer and the Guarantor; or
2. a Guarantor Default Notice, if an Issuer Default Notice has already been served (*provided that*, should such Issuer Default Notice consist of an Article 74 Event, it has not served an Article 74 Event Cure Notice).

Upon receipt of an Issuer Default Notice or a Guarantor Default Notice, the Guarantor shall dispose of the assets included in the Cover Pool.

After the service of an Issuer Default Notice on the Issuer and the Guarantor, but prior to service of a Guarantor Default Notice, the Guarantor will sell, refinance or otherwise liquidate the Eligible Assets and Top-Up Assets included in the Cover Pool, subject to the rights of pre-emption in favour of the Sellers to buy such Eligible

Assets and, if applicable, Top-Up Assets pursuant to the relevant Master Loans Purchase Agreements, *provided that*, in case the Issuer Event of Default consists of an Article 74 Event, such provisions will only apply for as long as the Representative of the Covered Bondholders will have delivered an Article 74 Event Cure Notice.

The Eligible Assets to be sold or liquidated will be selected from the Cover Pool by the Master Servicer on behalf of the Guarantor (any such Eligible Assets, together with any relevant Top-Up Assets, the "**Selected Assets**") and the proceeds from any sale of Selected Assets shall be credited to the Reserve Fund Account and applied as part of the Guarantor Available Funds in accordance with the applicable Priority of Payments. The Selected Assets shall be selected on a random basis and so to ensure that the ratio between the aggregate Outstanding Principal Balance of the Cover Pool and the Outstanding Principal Amount of all Series of Covered Bonds remains unaltered both prior to and following the sale or liquidation of the relevant Selected Assets and repayment of the Earliest Maturing Covered Bonds.

Before offering Selected Assets for sale or liquidating them, the Guarantor shall ensure that the Selected Assets have an aggregate Outstanding Principal Balance in an amount which is as close as possible to:

1. the Outstanding Principal Amount in respect of the Earliest Maturing Covered Bonds, multiplied by $1 + \text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series of Covered Bonds}/365)$; *minus*
2. amounts standing to the credit of the Luxembourg Principal Collection Accounts; *minus*
3. the principal amount of any Top-Up Assets consisting of deposits,

excluding, with respect to items 2 and 3 above, all amounts to be applied on the next following Guarantor Payment Date to repay higher ranking amounts in the applicable Priority of Payments (the "**Required Outstanding Principal Balance**").

The Guarantor will offer the Selected Assets for sale or liquidate them for the best price or proceeds reasonably available but in any event for an amount not less than the Required Outstanding Principal Balance (the "**Required Outstanding Principal Balance Amount**").

If the Selected Assets have not been sold or otherwise liquidated in an amount equal to the Required Outstanding Principal Balance Amount by the date which is six months prior to, as applicable, the Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or the Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) of the Earliest Maturing Covered Bonds, and the Guarantor does not have sufficient other funds standing to the credit of the Accounts available to repay the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto), then the Guarantor will offer the Selected Assets for sale or liquidate them for the best price reasonably available notwithstanding that such amount may be less than the Required Outstanding Principal Balance Amount.

With respect to any sale or liquidation to be carried out, the Guarantor shall instruct the Portfolio Manager (as defined below) — to the extent possible taking into account the time left before the Maturity Date or Extended Maturity Date (if applicable) of the Earliest Maturing Covered Bonds — to sell or liquidate any Top-Up Assets included in the Cover Pool before any Eligible Assets are sold in accordance herewith.

The Guarantor may offer for sale or otherwise liquidate part of any portfolio of Selected Assets (a "**Partial Portfolio**"). Except in certain circumstances described in the Cover Pool Management Agreement, the sale price or liquidation proceeds of the Partial Portfolio (as a proportion of the Required Outstanding Principal Balance Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Assets.

Upon the occurrence of an Issuer Event of Default, the Guarantor will through a tender process (to be carried out by the Guarantor Corporate Servicer on behalf of the Guarantor) appoint a portfolio manager (the "**Portfolio Manager**") of recognised standing on a basis intended to incentivise the Portfolio Manager to achieve the best proceeds for the sale or liquidation of the Selected Assets (if such terms are commercially available in the market) and to advise it in relation to the sale to purchasers (except where a Seller is buying the Selected Assets in accordance with its right of pre-emption under the Master Loans Purchase Agreement) or liquidation of the Selected Assets. The terms of the agreement giving effect to the appointment in accordance with such tender, as well as the terms and conditions of the sale of the Selected Assets, shall be approved by the Representative of the Covered Bondholders.

Following the delivery of an Issuer Default Notice consisting of an Article 74 Event, the obligation of the Guarantor to sell or liquidate Selected Assets, as described above, shall cease to apply starting from the date on which the Representative of the Covered Bondholders delivers to the Issuer, the Sellers, the Guarantor and the Asset Monitor an Article 74 Event Cure Notice in accordance with the provisions of the Covered Bond Guarantee.

Following the delivery by the Representative of the Covered Bondholders of a Guarantor Default Notice, the Guarantor shall immediately sell or liquidate all assets included in the Cover Pool in accordance with the procedures described above and the proceeds thereof will be applied as Guarantor Available Funds, *provided that* the Guarantor (or, in the absence, the Representative of the Covered Bondholders) will instruct the Portfolio Manager to use all reasonable endeavours to procure that such sale or liquidation is carried out as quickly as reasonably practicable taking into account the market conditions at that time.

Governing law

The Cover Pool Management Agreement is governed by Italian law.

The Swap Agreements

Liability Swap Agreements

The Guarantor may enter into one or more Liability Swap Agreements on each Issue Date with one or more Liability Swap Providers to hedge certain interest rate, currency and other risks in respect of amounts payable by the Guarantor in respect of the Series of Covered Bonds issued on that Issue Date. The aggregate notional amount of the Liability Swap Agreements entered into on each Issue Date shall be linked to the Outstanding Principal Amount of the relevant Series of Covered Bonds.

Asset Swap Agreements

Some of the Mortgage Loans in the portfolio purchased by the Guarantor from each Seller from time to time will pay a variable rate of interest and other Mortgage Loans will pay a fixed rate of interest. The Guarantor may enter into an Asset Swap Agreement with each Seller in its capacity as Asset Swap Provider to ensure that it has sufficient funds to meet its monthly payment obligations and hedge variations between the rate of interest payable on Mortgage Loans in the portfolio purchased from that Asset Swap Provider as Seller and EURIBOR.

Mandate Agreement

On 2 April 2012, the Guarantor and the Representative of the Covered Bondholders entered into a mandate agreement (the "**Mandate Agreement**"), pursuant to which the Representative of the Covered Bondholders shall be authorised, subject to a Guarantor Default Notice being delivered to the Guarantor or upon failure by the Guarantor to exercise its rights under the Transaction Documents and, subject to certain conditions, to exercise, in the name and on behalf of the Guarantor, in the interest of the Covered Bondholders and for the benefit of the Other Creditors all the Guarantor's right with reference to certain Transaction Documents.

Governing law

The Mandate Agreement is governed by Italian law.

Deeds of Pledge

Deed of Pledge

On 2 April 2012, the Guarantor, the Representative of the Covered Bondholders and the Other Creditors entered into the Deed of Pledge under which, without prejudice and in addition to any security, guarantee and other right provided by the Securitisation and Covered Bond Law, the Luxembourg Deed of Pledge and the Deed of Charge, securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors all monetary claims and rights and all the amount arising (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Guarantor is or will be entitled to from time to time pursuant to certain Transaction Documents, with the exclusion of the Cover Pool and the Collections. The security created pursuant to the Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Luxembourg Deed of Pledge

On 2 April 2012, the Guarantor and the Representative of the Covered Bondholders entered into the Luxembourg Deed of Pledge under which the Guarantor has pledged in favour of the Covered Bondholders and the Other Creditors any claim standing to the credit balance of the Luxembourg Accounts as well as any other claim the Guarantor may have against the Luxembourg Account Bank in relation to the Luxembourg Accounts regardless of the nature thereof and including, for the avoidance of doubt, any pecuniary claim for the payment of the relevant credit balance as well as any other pecuniary claim, regardless of the nature thereof in relation to the Luxembourg Accounts, including, for the avoidance of doubt, any pecuniary claim for the payment of the interests paid into the Accounts. The security created pursuant to the Luxembourg Deed of Pledge will become enforceable upon the service of a Guarantor Default Notice.

Governing law

The Luxembourg Deed of Pledge is governed by Luxembourg law.

Deed of Charge

The Guarantor may enter into the Deed of Charge with the Representative of the Covered Bondholders pursuant to which, without prejudice and in addition to any security, guarantees and other rights provided by the Securitisation and Covered Bond Law and the Deeds of Pledge securing the discharge of the Guarantor's obligations to the Covered Bondholders and the Other Creditors, the Guarantor will assign in favour of the Representative of the Covered Bondholders as trustee for the Covered Bondholders and the Other Creditors all of its right, title, benefit and interest under the Swap Agreements as at that date and agree to create security over other swap agreements (excluding those entered into by Italian counterparties which will be subject to the Deed of Pledge) entered into by it from time to time thereafter.

Governing law

The Deed of Charge is governed by English law.

Corporate Services Agreement

The Guarantor Corporate Servicer and the Guarantor have entered into a corporate services agreement with the Guarantor Corporate Servicer on 29 February 2012 (the "**Corporate Services Agreement**"), pursuant to which the Guarantor Corporate Servicer has agreed to provide certain corporate and administrative services to the Guarantor

Governing law

The Corporate Services Agreement is governed by Italian law.

Quotaholders' Agreement

For a description of the Quotaholders' Agreement, see "*The Guarantor*".

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Representative of the Covered Bondholders of an Issuer Default Notice on the Issuer and on the Guarantor or, if earlier, following the occurrence of a Guarantor Event of Default, service by the Representative of the Covered Bondholders of a Guarantor Default Notice on the Guarantor.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

- the Covered Bond Guarantee provides credit support;
- the Statutory Tests are periodically performed with the intention of ensuring that the Cover Pool is at all times sufficient to repay the Covered Bonds;
- the Amortisation Test is periodically performed, following the occurrence of an Issuer Event of Default and service of an Issuer Default Notice on the Issuer and the Guarantor, for the purpose of testing the asset coverage of the Guarantor's assets in respect of the Covered Bonds;
- a Reserve Fund Account will be established which will build up over time using excess cash flow from Interest Available Funds and Principal Available Funds, in order to ensure that the Guarantor will have sufficient funds set aside to fulfil its obligation to pay interest accruing with respect to the Covered Bonds; and
- the swap agreements that may be entered into in order to hedge certain interest rate, currency or other risks, in respect of amounts received and amounts payable by the Guarantor.

Certain of these factors are considered more fully in the remainder of this section.

Guarantee

The Covered Bond Guarantee provided by the Guarantor guarantees payment of Guaranteed Amounts when they become due for payment in respect of all Covered Bonds issued under the Programme.

See "*Overview of the Transaction Documents — Covered Bond Guarantee*" above, as regards the terms of the Covered Bond Guarantee. See "*Cashflows — Guarantee Priority of Payments*" further, as regards the payment of amounts payable by the Guarantor to Covered Bondholders and the Other Issuer Creditors following the occurrence of an Issuer Event of Default.

Compliance with the Tests

Under the terms of the Cover Pool Management Agreement, each Relevant Seller (as defined under the Cover Pool Management Agreement) (and failing which, the Issuer, failing which, the other Seller(s)) must ensure that, on each Calculation Date prior to service of an Issuer Default Notice, the Cover Pool is in compliance with the Tests described below. If on any Calculation Date the Cover Pool is not in compliance with the Tests, then the Relevant Seller (and failing which, the Issuer, failing which, the other Seller(s)) will sell Eligible Assets or Top-Up Assets to the Guarantor for an amount sufficient to allow the Tests to be met on the next following Calculation Date, in accordance with the relevant Master Loans Purchase Agreements and the Cover Pool Management Agreement, to be financed through the proceeds of Term Loans to be granted by the Relevant Seller(s), and/or the Issuer and/or the other Seller(s) (each only in respect of the Eligible Assets and/or Top-Up Assets transferred by it).

Statutory Tests

The Statutory Tests are intended to ensure that the Guarantor can meet its obligations under the Covered Bond Guarantee. In order to ensure that the statutory tests provided for under Article 3 of Decree No. 310 (the "**Statutory Tests**") are satisfied and that the Cover Pool is at all times sufficient to repay the Covered Bonds, each Seller (and failing the Seller to do so, the Issuer) must ensure that the three tests set out below are satisfied on each Calculation Date.

Nominal Value Test

The Calculation Agent shall verify that on each Calculation Date, the aggregate Outstanding Principal Balance of the Cover Pool shall be higher than or equal to the Outstanding Principal Amount of all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date.

For the purpose of the above, the Calculation Agent shall consider the Outstanding Principal Balance of the Cover Pool as an amount equal to the "**Nominal Value**", which will be calculated on each Calculation Date, by applying the following formula:

$$A + B + C - Y - W - Z$$

where,

"A" stands for the "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan, in the Cover Pool as at the relevant Calculation Date, which shall be the lower of:

(i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and

(ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

(a) *for all Residential Mortgage Loans that are not Defaulted Loans, M = 0.80;*

(b) *for all Commercial Mortgage Loans that are not Defaulted Loans, M = 0.60; and*

(c) *for all Mortgage Loans that are Defaulted Loans M = 0;*

minus

the aggregate sum of the following deemed reductions to the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool, if any of the following occurred during the previous Calculation Period:

1. a Mortgage Loan (or any security granted in relation thereto, the "**Related Security**") was, in the immediately preceding Calculation Period, in breach of the representations and warranties contained in the Warranty and Indemnity Agreement or was subject to any other obligation of the relevant Seller to repurchase the relevant Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage Loans of the relevant Debtor to the extent required by the terms of the Master Loans Purchase Agreement (each such loan being an "**Affected Loan**"). In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Adjusted Outstanding Principal Balance of the relevant Affected Loan or Affected Loans (as calculated on the relevant Calculation Date); and/or

2. the Issuer (in its capacity as Seller) or any other Seller, in the preceding Calculation Period, was in breach of any other material warranty under the relevant Master Loans Purchase Agreement and/or the Master Servicer or any Service Provider was, in the preceding Calculation Period, in breach of a material term of the Master Servicing Agreement. In this event, the aggregate Adjusted Outstanding Principal Balance of the Mortgage Loans in the Cover Pool (as calculated on the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Guarantor or on its behalf without double counting and to be reduced by any amount paid (in cash or in kind) to the Guarantor by the Issuer, the relevant Seller and/or the Master Servicer or the relevant Service Provider to indemnify the Guarantor for such financial loss);

multiplied by the Asset Percentage;

"B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;

- "C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans;
- "Y" is equal to the Potential Set-Off Amount;
- "W" is equal to the Commingling Amount; and
- "Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

The "**Asset Percentage**" means the lower of (i) 100.00 per cent. and (ii) such other percentage figure as may be determined by the Issuer.

Net Present Value Test

The Issuer and the Sellers shall ensure that the Net Present Value of the Cover Pool shall be higher than or equal to the Net Present Value of the Covered Bonds at the relevant Calculation Date.

The "**Net Present Value of the Cover Pool**" is an amount equal to:

$$A + B$$

where:

"A" stands for the net present value of all Eligible Assets and Top Up Assets comprised in the Cover Pool minus the payments to be made in priority to or *pari passu* with the amounts to be paid in relation to the Covered Bonds in accordance with the relevant Priority of Payments; and

"B" stands for the net present value of any and each Asset Swap Agreement, if any, and Liability Swap Agreement.

The "**Net Present Value of the Covered Bonds**" is an amount equal to the value resulting from discounting at a given discount rate a series of future payments or incomes (as the case may be) of the Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms.

Interest Coverage Test

The Issuer and the Sellers must ensure that on each Calculation Date the amount of interest and other revenues generated by the assets included in the Cover Pool, net of the costs borne by the Guarantor (including the payments of any nature expected to be borne or due with respect to any Swap Agreement), shall be higher than the amount of interest due on all Series of Covered Bonds issued under the Programme and not cancelled or redeemed in full in accordance with their Final Terms at the relevant Calculation Date, taking into account the Swap Agreements entered into in connection with the Programme.

The Interest Coverage Test will be considered met if, on the relevant Calculation Date, the Expected Revenue Income (as defined below) is in an amount equal to or greater than the Expected Revenue Liability (as defined below), both as calculated on the relevant Calculation Date.

The "**Expected Revenue Income**" will be an amount calculated on each Calculation Date by applying the following formula:

$$A+B+C$$

where,

"A" stands for the aggregate amount standing to the credit of the Luxembourg Interest Collection Accounts as of the relevant Calculation Date;

"B" stands for any payments that the Guarantor is expected to receive under any Swap Agreement as at the end of the relevant Collection Period; and

"C" stands for the interest component of all the Instalments falling due from the relevant Calculation Date to the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date).

The "**Expected Revenue Liability**" will be an amount calculated on each Calculation Date by applying the following formula:

$$D+E+F$$

where,

"D" stands for the aggregate amount of all interest payments due under all outstanding Series of Covered Bonds on the Interest Payment Dates falling in the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter (such interest payments to be calculated with respect to the applicable interest rates as of the relevant Calculation Date);

"E" stands for any Senior Liabilities (net of any amounts credited to the Reserve Fund Account and payments made under any and all Swap Agreements) expected to be borne by the Guarantor during the period starting from the relevant Calculation Date and ending on the date falling 12-months thereafter; and

"F" stands for any payments expected to be borne or due by the Guarantor under any Swap Agreement as at the end of the relevant Collection Period.

The Interest Coverage Test will:

- (i) be met if $A+B+C \geq D+E+F$; or
- (ii) not be met if $A+B+C < D+E+F$.

Amortisation Test

The Amortisation Test is intended to ensure that, following an Issuer Event of Default, the service of an Issuer Default Notice on the Issuer and on the Guarantor (but prior to service on the Guarantor of a Guarantor Default Notice), the Cover Pool contains sufficient assets to enable the Guarantor to meet its obligations under the Covered Bond Guarantee. The Amortisation Test will be considered met if, on the relevant Calculation Date, the Amortisation Test Aggregate Loan Amount is an amount at least equal to the Outstanding Principal Amount of the issued Covered Bonds as calculated on the relevant Calculation Date. If the Amortisation Test Aggregate Loan Amount is less than the Outstanding Principal Amount of the issued Covered Bonds, then the Amortisation Test will be deemed to be breached and if such breach is not remedied by the Relevant Seller(s) (or failing which, the Issuer or, failing the Issuer, the other Seller(s)) by the 3rd (third) following Calculation Date, a Guarantor Default Notice will be served by the Representative of the Covered Bondholders on the Guarantor causing the acceleration of the Covered Bonds and a demand for enforcement of the Covered Bond Guarantee. The Calculation Agent, whilst Covered Bonds are outstanding, will immediately notify the Representative of the Covered Bondholders of any breach of the Amortisation Test. Following a Guarantor Default Notice, the Guarantor will be required to make payments in accordance with the Post-Enforcement Priority of Payments.

The "**Amortisation Test Aggregate Loan Amount**" will be calculated on each Calculation Date as follows:

$$A + B + C - Z$$

where,

"A" stands for the aggregate "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan in the Cover Pool as at the relevant Calculation Date, which shall be the lower of:

- (i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, $M = 0.80$;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, $M = 0.60$; and
- (c) for all Mortgage Loans that are Defaulted Loans $M = 0$;

"B" stands for the aggregate amount standing to the credit of the Luxembourg Principal Collection Accounts and the principal amount of any Top-Up Assets qualifying as Eligible Investment;

"C" stands for the aggregate Outstanding Principal Balance of any Eligible Assets other than Mortgage Loans; and

"Z" stands for the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate Outstanding Principal Amount of the Covered Bonds multiplied by the Negative Carry Factor.

Reserve Fund Account

The Reserve Fund Account is held in the name of the Guarantor for the purpose of setting aside, on each Guarantor Payment Date, the relevant Reserve Fund Amount. Such Reserve Fund Amount will be determined on each Calculation Date in an amount sufficient to ensure that, in the event that a payment is required to the Guarantor under the Covered Bond Guarantee, the Guarantor would have sufficient funds set aside and readily available to pay (i) interest amounts accruing, from time to time, with respect to all outstanding Series of Covered Bonds during the immediately following Calculation Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due the Covered Bondholders of such Series), plus (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the items (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments. The required Reserve Fund Amount will be credited by the Guarantor to the Reserve Fund Account on each Guarantor Payment Date in accordance with the Pre-Issuer Event of Default Interest Priority of Payments and the Pre-Issuer Event of Default Principal Priority of Payments.

CASHFLOWS

As described above under "*Credit Structure*", until an Issuer Default Notice is served on the Issuer and the Guarantor, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the Guarantor.

This section summarises the cashflows of the Guarantor only, as to the allocation and distribution of amounts standing to the credit of the Accounts and their order of priority (all such orders of priority, the "**Priority of Payments**") (a) prior to an Issuer Event of Default and a Guarantor Event of Default, (b) following an Issuer Event of Default (but prior to a Guarantor Event of Default) and (c) following a Guarantor Event of Default.

Definitions

For the purposes hereof:

"Interest Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) interest collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool (other than the interests due and taken into account for the purpose of the Individual Purchase Price of each Receivable) and credited into the Luxembourg Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (b) all recoveries in the nature of interest and fees received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Interest Collection Accounts during the Collection Period preceding the relevant Calculation Date;
- (c) all amounts of interest accrued (net of any withholding or expenses, if due) and paid on the Accounts during the Collection Period preceding the relevant Calculation Date;
- (d) any payment received on or immediately prior to such Guarantor Payment Date from any Swap Provider other than any Swap Collateral Excluded Amounts;
- (e) all interest amounts received from any Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (f) the Reserve Fund Amount standing to the credit of the Reserve Fund Account; and
- (g) any amounts (other than the amounts already allocated under other items of the Guarantor Available Funds) received by the Guarantor from any party to the Transaction Documents.

"Individual Purchase Price" means, with respect to each Receivable transferred pursuant to the Master Loan Purchase Agreements: (i) the *Ultimo Valore di Iscrizione in Bilancio* (as defined under the Master Definition Agreement) of the relevant Receivable minus all principal and interest collections (with respect only to the amounts of interest which constitute the *Ultimo Valore di Iscrizione in Bilancio*) received by the Seller with respect to the relevant Receivables from the date of the most recent financial statements of the Seller up to the relevant Transfer Date (included) and increased of the amount of interest accrued and not yet collected on such Receivables during the same period; or, at the option of the relevant Seller (ii) such other value, as indicated by the relevant Seller in the Transfer Notice, as will allow the Seller to consider each duty or tax due as if the relevant Receivables had not been transferred for the purpose of article 7-bis, sub-paragraph 7, of the Securitisation and Covered Bond Law.

"Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:

- (a) all principal amounts (and any interest amount taken into account for the purpose of the Individual Purchase Price of each Receivable) collected by the Master Servicer or any Sub-Servicer in respect of the Cover Pool and credited to the Luxembourg Principal Collection Accounts net of the amounts applied to purchase Eligible Assets and Top-Up Assets during the Collection Period preceding the relevant Calculation Date;
- (b) all other recoveries in the nature of principal received by the Master Servicer or any Sub-Servicer and credited to the Luxembourg Principal Collection Accounts during the Collection Period preceding the relevant Calculation Date;

- (c) all principal amounts received from each Seller by the Guarantor pursuant to the relevant Master Loans Purchase Agreement;
- (d) the proceeds of any disposal of Eligible Assets and any disinvestment of Top-Up Assets;
- (e) where applicable, any swap principal payable under the Swap Agreements other than any Swap Collateral Excluded Amounts; and
- (f) all the amounts allocated pursuant to item *Sixth* of the Pre-Issuer Event of Default Interest Priority of Payments.

Pre-Issuer Event of Default Interest Priority of Payments

Prior to service of an Issuer Default Notice on the Guarantor and the Issuer or service of a Guarantor Default Notice on the Guarantor, Interest Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Interest Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor (or make provision for any Expenses of the Guarantor which will be due before the next Guarantor Payment Date);
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, where applicable, to pay any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party) other than the swap principal;
- (e) *Fifth*, to transfer to the Reserve Fund Account the relevant Reserve Fund Amount;
- (f) *Sixth*, to allocate to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Date pursuant to item (b) of the Pre Issuer Event of Default Principal Priority of Payments, net of any amount already allocated under this item six on any previous Guarantor Payment Date;
- (g) *Seventh*, to pay any payments due and payable by the Guarantor to any Swap Provider not paid under item Fourth above; and
- (h) *Eighth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

Pre-Issuer Event of Default Principal Priority of Payments

Prior to service of an Issuer Default Notice on the Issuer and the Guarantor or service of a Guarantor Default Notice on the Guarantor, all Principal Available Funds will be applied by or on behalf of the Guarantor on each Guarantor Payment Date in making the following payments and provisions (the "**Pre-Issuer Event of Default Principal Priority of Payments**"):

- (a) *First*, to pay any swap principal due to any Swap Provider;
- (b) *Second*, to transfer any amounts to the Reserve Fund Account necessary in order to make up any shortfall in the Reserve Fund Amount;
- (c) *Third*, to repay the Term Loans advanced by the Subordinated Lenders under the relevant Subordinated Loan Agreements, provided the Tests and the Relevant Portfolio Test are complied with and the relevant Subordinated Lender has requested the repayment of the relevant Subordinated Loan pursuant to clause 6.2 of the relevant Subordinated Loan Agreement; and

- (d) *Fourth*, to the extent that any Subordinated Lender has not received amounts as repayment of the Term Loans under item (c) *Third* above, to deposit, pursuant to clause 6.2.2 of the Subordinated Loan Agreements, the relevant amounts in the appropriate Luxembourg Principal Collection Account(s).

Guarantee Priority of Payments

On each Guarantor Payment Date after the service of an Issuer Default Notice on the Issuer and the Guarantor (but prior to the service of a Guarantor Default Notice), the Guarantor Available Funds shall be applied at the direction of the Guarantor in making the following payments or provisions in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay any amount due and payable to the Representative of the Covered Bondholders;
- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts, other than in respect of principal, due and payable on such Guarantor Payment Date or during the period commencing on (and including) such Guarantor Payment Date and ending on (but excluding) the immediately following Guarantor Payment Date (the "**Guarantor Payment Period**") (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (e) *Fifth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amounts in respect of principal due and payable on such Guarantor Payment Date or during the immediately following Guarantor Payment Period; (i) to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) on the Covered Bonds;
- (f) *Sixth*, to deposit in the Reserve Fund Account any cash balances until the Covered Bonds have been repaid in full or sufficient amounts have been accumulated to pay outstanding Covered Bonds;
- (g) *Seventh*, to pay any termination payments due and payable by the Guarantor to the Swap Providers not paid under item *Fourth* or *Fifth* above;
- (h) *Eighth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (i) *Ninth*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (j) *Tenth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

Application of Moneys following Occurrence of a Guarantor Event of Default

Following the occurrence of a Guarantor Event of Default and service of a Guarantor Default Notice on the Guarantor, the Guarantor Available Funds will be applied in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *First*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any Expenses of the Guarantor owed to third parties;
- (b) *Second*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Representative of the Covered Bondholders and the remuneration due to any Receiver and any proper costs and expenses incurred by it;

- (c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the Luxembourg Account Bank and the Principal Paying Agent;
- (d) *Fourth*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof: (i) any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party); and (ii) any interest and any Outstanding Principal Amount due under all outstanding Series of Covered Bonds;
- (e) *Fifth*, to pay any termination payments due and payable by the Guarantor to any Swap Provider not paid under item *Fourth* above;
- (f) *Sixth*, to pay to the Sellers any amount due and payable under the Transaction Documents, to the extent not already paid or payable under other items above;
- (g) *Seventh*, to pay any principal due and payable to the Subordinated Lenders under the relevant Term Loans; and
- (h) *Eighth*, to pay any Premium due to the Subordinated Lenders under the relevant Term Loans.

DESCRIPTION OF THE COVER POOL

The Cover Pool is comprised of (i) the Portfolio, which is in turn comprised of Mortgage Loans and related collateral assigned to the Guarantor by the Sellers in accordance with the terms of the Master Loans Purchase Agreement and (ii) any other Eligible Assets and Top-Up Assets held by the Guarantor.

The Initial Portfolio and each New Portfolio acquired by the Guarantor (the "**Portfolio**"), consists of Mortgage Loans sold by any of the Sellers to the Guarantor from time to time, in accordance with the terms of the Master Loans Purchase Agreement, as more fully described under "*Overview of the Transaction Documents — Master Loans Purchase Agreements*".

For the purposes hereof:

"**Initial Portfolio**" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement;

"**New Portfolio**" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

Eligibility Criteria

The sale of Loans and their Related Security and the transfer of any other Eligible Asset or Top-Up Asset to the Guarantor will be subject to various conditions (the "**Eligibility Criteria**") being satisfied on the relevant Transfer Date (except as otherwise indicated). The Eligibility Criteria with respect to each asset type will vary from time to time but will at all times include criteria so that Italian law requirements are met.

The following assets (*attivi idonei* or "**Eligible Assets**") are considered eligible under Article 2, sub-paragraph 1, of Decree No. 310:

- (a) residential mortgage loans that have an LTV that does not exceed 80 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (b) commercial mortgage loans that have an LTV that does not exceed 60 per cent and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
- (c) receivables owed by, securities issued by, or receivables or securities which have the benefit of a guarantee eligible for credit risk mitigation granted by:
 - (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach; and
 - (ii) public entities, located outside the European Economic Area or Switzerland, for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach;
- (d) asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for Banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:
 - (i) residential mortgage loans that have an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
 - (ii) commercial mortgage loans that have an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed;
 - (iii) receivables or securities satisfying the requirements indicated under item (c) above;

provided that the assets described under item (d)(ii) above may not amount to more than 10 per cent. of the aggregate nominal value of the Cover Pool.

Eligibility Criteria for Residential Mortgage Loans

Under the Master Loans Purchase Agreements, the relevant Sellers and the Guarantor have agreed the following common criteria (the “**Common Criteria**”) (see “*Overview of the Transaction Documents — Master Loans Purchase Agreements*” above) that will be applied in selecting the Residential Mortgage Loans that will be transferred thereunder to the Guarantor:

Receivables arising from loans:

- which are, alternatively: (A) residential mortgage receivables (i) with a risk weight not higher than 35 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent. of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a residential property, which have a risk weight higher than 35 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 80 per cent. of the value of the residential property; or (B) commercial mortgage receivables (i) with a risk weight not higher than 50 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60 per cent. of the value of the property, in accordance with Decree No. 310, or (ii) in case of a loan guaranteed by mortgage on more than one property, among which at least one is a commercial property, which have a risk weight higher than 50 per cent. and in respect of which the relevant principal amount outstanding added to the principal amount outstanding of any higher ranking mortgage loans secured by the same property, does not exceed 60 per cent. of the value of the commercial property;
- in respect of which the hardening period (*periodo di consolidamento*) applicable to the relevant mortgage has elapsed and the relevant mortgage is not capable of being challenged pursuant to Article 67 of the Bankruptcy Law and, if applicable, of article 39, fourth paragraph of the Consolidated Banking Act;
- loans granted or acquired by the relevant Seller;
- which are governed by Italian law;
- which are performing and in respect of which no instalments are due but not paid since more than thirty days from the relevant payment date;
- which do not include any clauses limiting the possibility for the relevant Seller to assign the receivables arising thereunder or providing the Debtor's consent for such assignment and the relevant Seller has obtained such consent;
- in relation to which at least one instalment has been paid by the relevant Debtor;
- which provide for all payments due by the Debtor thereunder to be made in Euro;
- which are fully disbursed;
- which have been granted to one individual (including individuals who are, or were on the relevant disbursement date, employees of any company of the UBI Banca Group), and entity (except for public entities, local entities, government entities and central banks) or more individuals or entities (*persone fisiche o giuridiche cointestatarie*);
- which provide for the payment by the relevant Debtor of a floating (determined each time by the relevant Seller) or fixed rate;
- the payment of which is secured by a first ranking mortgage (*ipoteca di primo grado*).

THE ASSET MONITOR

The Bank of Italy Regulations require that the Issuer appoints a qualified entity to be the asset monitor to carry out controls on the regularity of the transaction and the integrity of the Guarantee.

Pursuant to the Bank of Italy Regulations, the asset monitor must be an independent auditor, enrolled with the special register of accounting firms held by the CONSOB pursuant to article 161 of Legislative Decree No. 58 of 24 February 1998 and shall be independent from the Issuer and any other party to the Programme and from the accounting firm who carries out the audit of the Issuer.

Based upon controls carried out, the asset monitor shall prepare annual reports, to be addressed also to the Statutory Auditors of the Issuer.

Mazars S.p.A., a *società per azioni* incorporated under the laws of the Republic of Italy, having its registered office at Corso di Porta Vigentina, 35, 20122, Milan, Italy, fiscal code and enrolment with the companies register of Milan No. 01507630489, and enrolled under No. 97909 with the special register of accounting firms held by the *Commissione Nazionale per le Società e la Borsa* pursuant to article 161 of Legislative Decree No. 58 of 24 February 1998.

Pursuant to an engagement letter entered into on 2 April 2012, the Issuer has appointed the Asset Monitor in order to perform, subject to receipt of the relevant information from the Issuer, specific monitoring activities concerning, *inter alia*, i) the compliance with the issuing criteria set out in Decree No. 310 in respect of the issuance of covered bonds; (ii) the fulfilment of the eligibility criteria set out under Decree No. 310 with respect to the Eligible Assets and Top-Up Assets included in the Cover Pool; (iii) the compliance with the limits on the transfer of the Eligible Assets and Top-Up Assets set out under Decree No. 310; (iv) the compliance with the limits set out in Decree No. 310 with respect to covered bonds issued and the Eligible Assets and Top-Up Assets included in the Portfolios as determined in the Statutory Tests; and (v) the effectiveness and adequacy of the risk protection provided by any Swap Agreement entered into in the context of the Programme.

The engagement letter is in line with the provisions of the Bank of Italy Regulations in relation to the reports to be prepared and submitted by the Asset Monitor also to the Statutory Auditors Board of the Issuer.

The engagement letter provides for certain matters such as the payment of fees and expenses by the Issuer to the Asset Monitor and the resignation of the Asset Monitor.

The engagement letter is governed by Italian law.

Furthermore, on 2 April 2012, the Issuer, the Calculation Agent, the Asset Monitor, the Guarantor and the Representative of the Covered Bondholders entered into the Asset Monitor Agreement, as more fully described under "*Overview of the Transaction Documents — Asset Monitor Agreement*".

DESCRIPTION OF CERTAIN RELEVANT LEGISLATION IN ITALY

The following is a general description of the Italian Securitisation and Covered Bond Law (as defined below) and other legislation that may be relevant to investors in assessing the Covered Bonds, including recent legislation affecting the rights of mortgage borrowers. It does not purport to be a complete analysis of the legislation described below or of the other considerations relating to the Covered Bonds arising from Italian laws and regulations. Furthermore, this summary is based on Italian Legislation as in effect on the date of this Prospectus, which may be subject to change, potentially with retroactive effect. This description will not be updated to reflect changes in laws. Accordingly, prospective Covered Bondholders should consult their own advisers as to the risks arising from Italian legislations that may affect any assessment by them of the Covered Bonds.

The Securitisation and Covered Bond Law

The legal and regulatory framework with respect to the issue of covered bonds in Italy comprises the following:

- Article 7bis and article 7-ter of the Law No. 130 of 30 April 1999 (as amended and supplemented from time to time, the "**Italian Securitisation and Covered Bond Law**");
- the regulations issued by the Italian Ministry for the Economy and Finance on 14 December 2006 under Decree No. 310 (the "**MEF Regulation**");
- the C.I.C.R. Decree dated 12 April 2007; and
- Title V, Chapter 3 of the *Nuove Disposizioni di Vigilanza Prudenziale per le Banche* (Circolare No. 263 of 27 December 2006), as amended and supplemented from time to time (the "**Bank of Italy Instructions**").

Law Decree No. 35 of 14 March 2005, converted by Law No. 80 of 14 May 2005, amended the Italian Securitisation and Covered Bond Law by adding two new articles, Articles 7-bis and 7-ter, which enable banks to issue covered bonds. Articles 7-bis and 7-ter, however, required both the Italian Ministry of Economy and Finance and the Bank of Italy to issue specific regulations before the relevant structures could be implemented.

Following the issue of the MEF Regulation, the Bank of Italy Instructions were published on 17 May 2007, as subsequently amended on 24 March 2010 and further supplemented by Title V, Chapter 3 of the *Nuove Disposizioni di Vigilanza Prudenziale per le Banche* (Circolare No. 263 of 27 December 2006), completing the relevant legal and regulatory framework and allowing for the implementation on the Italian market of this funding instrument, which has previously only been available under special legislation to specific companies (such as Cassa Depositi e Prestiti S.p.A.).

The Bank of Italy Instructions introduced provisions, among other things, regulating:

- the capital adequacy requirements that issuing banks must satisfy in order to issue covered bonds and the ability of issuing banks to manage risks;
- limitations on the total value of eligible assets that banks, individually or as part of a group, may transfer as cover pools in the context of covered bond transactions;
- criteria to be adopted in the integration of the assets constituting the cover pools;
- the identification of the cases in which the integration is permitted and its limits; and
- monitoring and surveillance requirements applicable with respect to covered bond transactions and the provision of information relating to the transaction.

Basic structure of a covered bond issue

The structure provided under Article 7-bis with respect to the issue of covered bonds may be summarised as follows:

- a bank transfers a pool of eligible assets (i.e. the cover pool) to an Article 7-bis special purpose vehicle (the "**SPV**");

- the bank grants the SPV a subordinated loan in order to fund the payment by the SPV of the purchase price due for the cover pool;
- the bank issues the covered bonds which are supported by a first demand, unconditional and irrevocable guarantee issued by the SPV for the exclusive benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction. The Guarantee is backed by the entire cover pool held by the SPV.

Article 7-*bis* however also allows for structures which contemplate different entities acting respectively as cover pool provider, subordinated loan provider and covered bonds issuer.

The SPV

The Italian legislator chose to implement the new legislation on covered bonds by supplementing the Italian Securitisation Law, thus basing the new structure on a well established platform and applying to covered bonds many provisions with which the market is already familiar in relation to Italian securitisations. Accordingly, as is the case with the special purpose entities which act as issuers in Italian securitisation transactions, the SPV is required to be established with an exclusive corporate object that, in the case of covered bonds, must be the purchaser of assets eligible for cover pools and the person giving guarantees in the context of covered bond transactions.

The guarantee

The MEF Regulation provides that the guarantee issued by the SPV for the benefit of the bondholders must be irrevocable, first-demand, unconditional and independent from the obligations of the issuer of the covered bonds. Furthermore, upon the occurrence of a default by the issuer in respect of its payment obligations under the covered bonds, the SPV must provide for the payment of the amounts due under the covered bonds, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. The acceleration of the issuer's payment obligations under the covered bonds will not therefore result in a corresponding acceleration of the SPV's payment obligations under the guarantee (thereby preserving the maturity profile of the covered bonds).

Upon an insolvency of the issuer, the SPV will be solely responsible for the payment obligations of the issuer owed to the covered bond holders, in accordance with their original terms and with limited recourse to the amounts available to the SPV from the cover pool. In addition, the SPV will be exclusively entitled to exercise the rights of the covered bond holders vis à vis the issuer's bankruptcy in accordance with the applicable bankruptcy law. Any amounts recovered by the SPV from the bankruptcy of the issuer become part of the cover pool.

Finally, if a moratorium is imposed on the issuer's payments, the SPV will fulfil the issuer's payment obligations, with respect to amounts which are due and payable and with limited recourse to the cover pool. The SPV will then have recourse against the issuer for any such payments.

Segregation and subordination

Article 7-*bis* provides that the assets comprised in the cover pool and the amounts paid by the debtors with respect to the receivables and/or debt securities included in the cover pool are exclusively designated and segregated by law for the benefit of the holders of the covered bonds and the hedging counterparties involved in the transaction.

In addition, Article 7-*bis* expressly provides that the claim for reimbursement of the loan granted to the SPV to fund the purchase of assets in the cover pool is subordinated to the rights of the covered bond holders and of the hedging counterparties involved in the transaction.

Exemption from claw-back

Article 7-*bis* provides that the guarantee and the subordinated loan granted to fund the payment by the SPV of the purchase price due for the cover pool are exempt from the bankruptcy claw-back provisions set out in Article 67 of the Italian Bankruptcy Law (Royal Decree No. 267 of 16 March 1942).

The issuing bank

The Bank of Italy Instructions provide that covered bonds may only be issued by banks which individually satisfy, or which belong to banking groups which, on a consolidated basis:

- have regulatory capital of at least Euro 500,000,000; and
- have a minimum total capital ratio of 9 per cent.

The Bank of Italy Instructions specify that the requirements above also apply to the bank acting as cover pool provider (in the case of structures in which separate entities act respectively as issuing bank and as cover pool provider).

The Bank of Italy Instructions furthermore provide that the total amount of eligible assets that a bank may transfer to cover pools in the context of covered bond transactions is subject to limitations linked to the total capital ratio and tier 1 ratio of the individual bank (or of the relevant banking group, if applicable) as follows:

Ratios	Transfer Limitations
"A" range – Total capital ratio $\geq 11\%$ – Tier 1 ratio $\geq 7\%$	No limitation
"B" range – Total capital ratio $\geq 10\%$ and $< 11\%$ – Tier 1 ratio $\geq 6.5\%$	Up to 60% of eligible assets may be transferred
"C" range – Total capital ratio $\geq 9\%$ and $< 10\%$ – Tier 1 ratio $\geq 6\%$	Up to 25% of eligible assets may be transferred

The Bank of Italy Instructions clarify that the ratios provided with respect to each range above must be satisfied jointly: if a bank does not satisfy both ratios with respect to a specific range, the range applicable to it will be the following, more restrictive, range. Accordingly, if a bank (or the relevant banking group) satisfies the "b" range total capital ratio but falls within the "c" range with respect to its tier 1 ratio, the relevant bank will be subject to the transfer limitations applicable to the "c" range.

The Cover Pool

For a description of the assets which are considered eligible for inclusion in a cover pool under Article 7-bis, see "*Description of the Cover Pool – Eligibility Criteria*".

Ratio between cover pool value and covered bond outstanding amount

The MEF Regulation provides that the cover pool provider and the issuer must continually ensure that, throughout the transaction:

- the aggregate nominal value of the cover pool is at least equal to the nominal amount of the relevant outstanding covered bonds;
- the net present value of the cover pool (net of all the transaction costs borne by the SPV, including in relation to hedging arrangements) is at least equal to the net present value of the relevant outstanding covered bonds;
- the interest and other revenues deriving from the cover pool (net of all the transaction costs borne by the SPV) are sufficient to cover interest and costs due by the issuer with respect to the relevant outstanding covered bonds, taking into account any hedging agreements entered into in connection with the transaction.

In respect of the above, under the Bank of Italy Instructions, strict monitoring procedures are imposed on banks for the monitoring of the transaction and of the adequacy of the guarantee on the cover pool. Such activities must be carried out both by the relevant bank and by an asset monitor, to be appointed by the bank, which is an

independent accounting firm. The asset monitor must prepare and deliver to the issuing bank's board of auditors, on an annual basis, a report detailing its monitoring activity and the relevant findings.

The Bank of Italy Instructions require banks to carry out the monitoring activities described above at least every 6 months with respect to each covered bond transaction. Furthermore, the internal auditors of banks must comprehensively review every 12-months the monitoring activity carried out with respect to each covered bond transaction, basing such review, among other things, on the evaluations supplied by the asset monitor.

In order to ensure that the monitoring activities above may be appropriately implemented, the Bank of Italy Instructions require that the entities participating in covered bond transactions be bound by appropriate contractual undertakings to communicate to the issuing bank, the cover pool provider and the entity acting as servicer in relation to the cover pool assets all the necessary information with respect to the cover pool assets and their performance.

Substitution of assets

The MEF Regulation and the Bank of Italy Instructions provide that, following the initial transfer to the cover pool, the eligible assets comprised in the cover pool may only be substituted or supplemented in order to ensure that the requirements described under "*Ratio between cover pool value and covered bond outstanding amount*", or the higher over-collateralisation provided for under the relevant covered bond transaction documents, are satisfied at all times during the transaction.

The eligible assets comprised in the cover pool may only be substituted or supplemented by means of:

- the transfer of further assets (eligible to be included in the cover pool in accordance with the criteria described above);
- the establishment of deposits held with banks (**Qualified Banks**) which have their registered office in a member state of the European Economic Area or in Switzerland or in a state for which a 0 per cent. risk weight is applicable in accordance with the prudential regulations' standardised approach; and
- the transfer of debt securities, having a residual life of less than one year, issued by the Qualified Banks.

The MEF Regulation and the Bank of Italy Instructions, however, provide that the assets described in the last two paragraphs above, cannot exceed 15 per cent. of the aggregate nominal value of the cover pool. This 15 per cent. limitation must be satisfied throughout the transaction and, accordingly, the substitution of cover pool assets may also be carried out in order to ensure that the composition of the assets comprised in the cover pool continues to comply with the relevant threshold.

The Bank of Italy Instructions clarify that the limitations to the overall amount of eligible assets that may be transferred to cover pools described under "*The Issuing Bank*" above do not apply to the subsequent transfer of supplemental assets for the purposes described under this paragraph.

Suspension of payments

In exceptional circumstances, pursuant to article 74 of the Consolidated Banking Act, one or more special administrator (*commissari straordinari*) appointed by the Bank of Italy, in order to protect the interests of the creditors, in consultation with an oversight committee composed of between three and five members (*comitato di sorveglianza*) and subject to an authorisation by the Bank of Italy, may suspend payment of the bank's liabilities and the restitution to customers of financial instruments. Payments may be suspended for a period of up to one month, which may be extended for an additional two months. During the suspension period forced executions or actions to perfect security interests involving the bank's properties or customers' securities may not be initiated or prosecuted. During the same period mortgages may not be registered on the bank's immovable property nor may any other rights of preference on the bank's movable property be acquired, except in the case of enforceable court orders issued prior to the beginning of the suspension period. The suspension shall not constitute insolvency.

If a resolution pursuant to Article 74 of the Consolidated Banking Act is passed in respect of the Issuer, the SPV, in accordance with Decree No. 310, shall be responsible for the payments of the amounts due and payable under the Covered Bonds within the entire period in which the suspension continues at their relevant due date, provided that it shall be entitled to claim any such amounts from the Issuer. For further details see section "*The*

Guarantor and the Covered Bond Guarantee - Suspension of Payments" and section "Overview of the Transaction Documents - Covered Bond Guarantee".

Taxation

Article 7-bis, sub-paragraph 7, provides that any tax is due as if the granting of the subordinated loan and the transfer of the cover pool had not taken place and as if the assets constituting the cover pool were registered as on-balance sheet assets of the cover pool provider, *provided that*:

- the purchase price paid for the transfer of the cover pool is equal to the most recent book value of the assets constituting the cover pool; and
- the subordinated loan is granted by the same bank acting as cover pool provider.

The provision described above would imply, as a main consequence, that banks issuing covered bonds will be entitled to include the receivables transferred to the cover pool as on-balance receivables for the purpose of tax deductions applicable to reserves for the depreciation on receivables in accordance with Article 106 of Presidential Decree No. 917 of 22 December 1986.

TAXATION

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

Republic of Italy

Tax treatment of Covered Bonds issued by the Issuer

Decree No. 239 sets out the applicable regime regarding the tax treatment of interest, premium and other income from certain securities issued, *inter alia*, by Italian resident banks (including the difference between the redemption amount and the issue price) (hereinafter collectively referred to as "**Interest**"). The provisions of Decree 239 only apply to Covered Bonds issued by the Issuer which qualify as *obbligazioni* (bonds) or *titoli similari alle obbligazioni* (securities similar to bonds) pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986, as amended and supplemented ("**Decree No. 917**")

Italian resident Covered Bondholders

Where an Italian resident Covered Bondholders is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the *risparmio gestito regime* – see under "*Capital gains tax*" below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 20 per cent. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

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

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV, and the Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, nor to any other income tax in the hands of the relevant Covered Bondholder; a withholding tax of 20 per cent. will be levied on proceeds distributed by the investment funds or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units.

Where an Italian resident Covered Bondholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be

subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to an 11 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

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

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

Non-Italian resident Covered Bondholders

Where the Covered Bondholder is a non-Italian resident, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

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

In order to ensure gross payment, non-Italian resident Covered Bondholders must be the beneficial owners of the payments of Interest and must:

- (a) deposit, directly or indirectly, the Covered Bonds with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Economy and Finance; and
- (b) file with the relevant depository, prior to or concurrently with the deposit of the Covered Bonds, a statement of the relevant Covered Bondholder, which remains valid until withdrawn or revoked, in which the Covered Bondholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. This statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

The *imposta sostitutiva* will be applicable at the rate of 20 per cent. to Interest paid to Covered Bondholders who do not qualify for the exemption.

Covered Bondholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Covered Bondholder.

Payments made by an Italian resident guarantor

There is no authority directly on point regarding the Italian tax regime of payments made by an Italian resident guarantor under the Guarantee. Accordingly, there can be no assurance that the Italian revenue authorities will not assert an alternative treatment of such payments than that set forth herein or that the Italian court would not sustain such an alternative treatment.

With respect to payments on the Covered Bonds made to certain Italian resident Covered Bondholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Covered Bonds may be treated, in certain circumstances, as a payment by the relevant Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

In accordance with another interpretation, any such payment made by the Italian resident Guarantor may be subject to an advance or final withholding tax at a rate of 20 per cent. pursuant to Presidential Decree No. 600 of 29 September 1973, as subsequently amended. In the case of payments to non-Italian resident bondholders, double taxation treaties entered into by Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax.

Capital gains tax

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 20 per cent. The Covered Bondholders may set off any losses with their gains.

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

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Covered Bondholders holding the Covered Bonds. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
 - (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Covered Bondholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the

Covered Bondholders or using funds provided by the Covered Bondholders for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Covered Bonds results in a capital loss, which may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Covered Bondholders are not required to declare the capital gains in the annual tax return.

In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 20 per cent. , to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Covered Bondholder who is an Italian open ended or a closed-ended investment fund or a SICAV will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Covered Bondholders; a withholding tax of 20 per cent. will be levied on proceeds distributed by the investment funds or the SICAV or received by certain categories of unitholders upon redemption or disposal of the units.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund.

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

Capital gains realised by non-Italian resident Covered Bondholders from the sale or redemption of Covered Bonds issued by an Italian resident issuer and traded on regulated markets are not subject to the *imposta sostitutiva*.

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

- (a) resident in a country which allows for a satisfactory exchange of information with Italy (i.e. a country included in the list of States, as per the decree referred to in Article 168 bis, paragraph 1 of Decree No. 917, allowing for an adequate exchange of information with the Italian tax Authorities);
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy (i.e. a country allowing for a satisfactory exchange of information with the Italian Tax Authorities according to the legislative provisions mentioned above).

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 20 per cent. However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

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

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

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 168 registration tax as follows: (i) public deeds and notarised deeds are subject to mandatory registration; (ii) private deeds are subject to registration only in the case of voluntary registration.

Stamp Duty

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

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

Wealth Tax on securities deposited abroad

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

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

EU Savings Directive

Under EC Council Directive 2003/48/EC (the "**EU Savings Directive**") on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income (within the meaning of the EU Savings Directive) paid by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria and Luxembourg are permitted to apply an optional information reporting system, whereby if a beneficial owner (within the meaning of the EU Savings Directive) does not comply with one of two procedures for information reporting, the relevant Member State will levy a withholding tax on payments to such beneficial owner. The withholding tax system applies for a transitional period during which the withholding tax rate will raise, over time, to 35 per cent.. The transitional period is to terminate at the end of the first full tax year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries, including Switzerland and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a paying agent within its jurisdiction to, or collected by such a paying agent for an individual resident or certain limited types of entity established in a

Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

Implementation in Italy of the Savings Directive

Italy has implemented the Savings Directive through Legislative Decree No. 84 of 18 April 2005 (“**Decree No. 84**”). Under Decree No. 84, subject to a number of important conditions being met, for interest paid from 1 July 2005 to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner and shall not apply the withholding tax. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax Authorities of the State of residence of the beneficial owner.

SUBSCRIPTION AND SALE

Covered Bonds may be sold from time to time by the Issuer to any one or more of the Dealers. The arrangements under which Covered Bonds may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Programme Agreement entered into, on 2 April 2012, between, *inter alia*, the Issuer, the Guarantor, the Dealer and the Arranger. Under the Programme Agreement, the Issuer and the Dealer(s) have agreed that any Covered Bonds of any Series which may from time to time be agreed between the Issuer and any Dealer(s) to be issued by the Issuer and subscribed for by such Dealer(s) shall be issued and subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of the Programme Agreement. Any such agreement will, *inter alia*, make provision for the terms and conditions of the relevant Covered Bonds, the price at which such Covered Bonds will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Programme Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Covered Bonds.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C* as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms.

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

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

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

Each issuance of certain types of Covered Bonds shall be subject to additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of the issuance and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Covered Bonds outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Covered Bonds, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States is prohibited.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

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

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

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

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) **No deposit-taking**: in relation to any Covered Bonds having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons:
 - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

- (b) **Financial promotion**: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any

Covered Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (c) **General compliance:** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Italy

The offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed that sales of the Covered Bonds in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

Each of the Dealers has represented and agreed that it will not offer, sell or deliver any Covered Bonds or distribute copies of this Prospectus or any other document relating to the Covered Bonds in Italy except:

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

Any such offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in Italy under (i) and (ii) above must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or other Italian authority.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Covered Bonds directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, "**Japanese Person**" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Covered Bonds or possesses, distributes or publishes this Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Covered Bonds or possess, distribute or publish this Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

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

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Covered Bonds) or in a supplement to this Prospectus.

GENERAL INFORMATION

Listing and Admission to Trading

This Prospectus has been approved as a base prospectus issued in compliance with the Prospectus Directive by the FSA in its capacity as competent authority in the United Kingdom for the purposes of the Prospectus Directive. Application has been made for Covered Bonds issued under the Programme to be listed on the Official List and admitted to trading on the regulated market of the London Stock Exchange.

However, Covered Bonds may be issued pursuant to the Programme which will be unlisted or be admitted to listing, trading and/or quotation by such other competent authority, stock exchange or quotation system as the Issuer and the relevant Dealer(s) may agree.

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

Authorisations

The update of the Programme has been duly authorised by a resolution of the management board of the Issuer dated 3 May 2012, the giving of the Covered Bond Guarantee has been duly authorised by the resolutions of the board of directors of the Guarantor dated 24 February 2012 and the establishment of the Programme has been duly authorised, respectively, by the resolutions of the management board of the Issuer dated 7 February 2012 and of the board of directors of the Guarantor dated 24 February 2012.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12-months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and/or its Subsidiaries or the Guarantor.

Trend Information

Since 31 December 2011, there has been no material adverse change in the prospects of UBI Banca and the UBI Banca Group.

Since the date of its incorporation, there has been no material adverse change in the prospects of the Guarantor.

No Significant Change

There has been no significant change in the financial or trading position of UBI Banca and the UBI Banca Group since 31 March 2012.

There has been no significant change in the financial or trading position of UBI Finance CB 2 since the date of its incorporation.

Minimum Denomination

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

Documents on Display

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available (in English translation, where necessary) free of charge during usual business hours on any weekday (except for Saturdays, Sundays and public holidays) for inspection at the registered office of the Issuer:

- (a) the By-laws of the Issuer and the constitutive documents of the Guarantor;
- (b) the consolidated and non-consolidated audited financial statements of the Issuer as at and for the years ended 31 December 2011 and 2010;
- (c) the unaudited consolidated and non-consolidated financial statement of the Issuer as at and for the three months ended 31 March 2012;
- (d) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer;
- (e) a copy of this Prospectus;
- (f) any future offering circulars, prospectuses, information memoranda and supplements to this Prospectus including Final Terms and any other documents incorporated herein or therein by reference; and
- (g) each of the Transaction Documents.

Auditors

KPMG S.p.A. are the auditors of the Issuer and are registered on the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Legislative Decree No. 88 of 27 January 1992 ("**Decree No. 88**"). KPMG S.p.A. is also a member of Assirevi, the Italian association of auditing firms. KPMG S.p.A. has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the years ended 31 December 2011 and 31 December 2010.

Deloitte & Touche S.p.A. are the auditors of the Guarantor for the period 31 December 2012 - 31 December 2014 and are registered in the Special Register (*Albo Speciale*) maintained by CONSOB as set out in Article 161 of Decree No. 58 and in the Register of Accountancy Auditors (*Registro dei Revisori Contabili*), in compliance with the provisions of Decree No. 88. Deloitte & Touche S.p.A. is also a member of Assirevi.

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

Deloitte & Touche S.p.A. have been appointed one year in advance in order to allow the companies forming part of the UBI Group and the auditing companies to arrange for the assignment of the relevant responsibilities.

Post-issuance Information

Unless otherwise required by any applicable laws or regulations, the Issuer does not intend to provide any post-issuance information.

Material Contracts

Save as disclosed in this Prospectus, neither the Issuer nor the Guarantor nor any of their respective subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Covered Bondholders.

Clearing of the Covered Bonds

The Covered Bonds issued in dematerialised form have been accepted for clearance through Monte Titoli, Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Covered Bonds of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify (i) any other clearing system for the Covered Bonds issued in dematerialised form as shall have accepted the relevant Covered Bonds for clearance together with any further appropriate information or (ii) with respect to Covered Bonds issued in any of the other form which may be indicated in the relevant Final Terms, the indication of the agent or registrar through which payments to the Bondholders will be performed.

GLOSSARY

"**Accounts**" means, collectively, the Italian Accounts, the Luxembourg Accounts and any other account opened from time to time in connection with the Programme but excluding any account related to swap collection in respect of the Swap Agreements.

"**Adjusted Outstanding Principal Balance**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test**" means the test which will be carried out pursuant clause 3 (*Amortisation Test*) of the Cover Pool Management Agreement in order to ensure, *inter alia*, that, on each Calculation Date following the delivery of an Issuer Default Notice (but prior to the service of a Guarantor Default Notice), the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the principal amount of the issued Covered Bonds as calculated on the relevant Calculation Date..

"**Amortisation Test Aggregate Loan Amount**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Amortisation Test Outstanding Principal Balance**" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"**Article 74 Event**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Article 74 Event Cure Notice**" has the meaning ascribed to such term in the Section named "*Overview of the Programme — The Guarantor and the Covered Bond Guarantee*".

"**Asset Backed Securities**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 the asset backed securities for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach — *provided that* at least 95 per cent. of the relevant securitised assets are:

- (i) Residential Mortgage Loans;
- (ii) Commercial Mortgage Loans;
- (iii) Public Entity Receivables or Public Entity Securities.

"**Asset Monitor Agreement**" means the asset monitor agreement entered into on or about the date hereof between, by, *inter alios*, the Asset Monitor and the Issuer.

"**Asset Percentage**" has the meaning ascribed to such term in the section named "*Credit Structure*" above.

"**Asset Swap Agreements**" means any asset swap agreement that may be entered into between the Guarantor and each Seller as Asset Swap Provider.

"**Asset Swap Provider**" means any Seller as counterparty under the relevant Asset Swap Agreement that may be entered into.

"**Bank of Italy Regulations**" (*Regolamento della Banca d'Italia*) means the regulations relating to covered bonds contained in Title V, Chapter 3 of the Prudential Regulations.

"**Business Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET 2) (or any successor thereto) is open.

"**Calculation Date**" means the last calendar day of each month.

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

"**Cash Allocation, Management and Payments Agreement**" means the cash allocation, management and payments agreement entered into on or about the date hereof between, *inter alios*, the Guarantor, the

Representative of the Covered Bondholders, the Principal Paying Agent, the Calculation Agent, the Luxembourg Account Bank and the Italian Account Bank.

"**Clearstream**" means Clearstream Banking, société anonyme, Luxembourg.

"**Collateral Security**" means any security (including any loan mortgage insurance in respect of the Mortgage Loan and excluding Mortgages) granted to any Seller by any Debtor in order to guarantee or secure the payment and/or repayment of any amounts due under the relevant Mortgages Loan Agreements.

"**Collection Period**" means each monthly period, commencing on (and including) the first calendar day of each month and ending on (and excluding) the first calendar day of the next month.

"**Collections**" means all amounts received or recovered by the Master Servicer and/or the Sub-Servicers in respect of the Receivables comprised in the Cover Pool.

"**Commercial Assets**" means the Real Estate Assets with respect to Commercial Mortgage Loans.

"**Commercial Mortgage Loan**" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310 a commercial mortgage loan which has an LTV that does not exceed 60 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"**Commercial Mortgage Loan Agreement**" means any commercial mortgage loan agreement out of which Receivables arise.

"**Commingling Amount**" means an amount equal to 0 (zero).

"**Conditions**" means the terms and conditions of the Covered Bonds and "**Condition**" means a clause of them.

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

"**Consolidated Banking Act**" means Legislative Decree No. 385 of 1 September 1993 as amended and supplemented from time to time.

"**Corporate Services Agreement**" means the corporate services agreement entered into on or about 29 February 2012, between the Guarantor and the Guarantor Corporate Servicer, pursuant to which the Guarantor Corporate Servicer will provide certain administration services to the Guarantor.

"**Covered Bonds**" means any and all the covered bonds (*obbligazioni bancarie garantite*) issued or to be issued by the Issuer pursuant to the terms and subject to the conditions of the Programme Agreement.

"**Covered Bond Guarantee**" means the guarantee issued by the Guarantor for the purpose of guaranteeing the payments due by the Issuer to the Covered Bondholders and the Other Issuer's Creditors, in accordance with the provisions of the Securitisation and Covered Bond Law, Decree No. 310 and the Bank of Italy Regulations.

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

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

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

"**Covered Bondholders**" means the holders of each Series of Covered Bonds.

"**Cover Pool**" means the cover pool constituted by, collectively, any Eligible Assets and Top-Up Assets held by the Guarantor in accordance with the provisions of the Securitisation and Covered Bond Law, the Decree No. 310 and the Bank of Italy Regulations.

"**Cover Pool Management Agreement**" means the cover pool management agreement entered into on or about the date hereof between, *inter alios*, the Issuer, the Guarantor, the Sellers, the Calculation Agent, the Asset Monitor and the Representative of the Covered Bondholders.

"**Credit and Collection Policy**" means the procedures for the management, collection and recovery of Receivables attached as schedule 1 (*Procedura di Riscossione*) to the Master Servicing Agreement.

"**Debtor**" means any borrower and any other person, other than a Mortgagor, who entered into a Mortgage Loan Agreement as principal debtor or guarantor or who is liable for the payment or repayment of amounts due in respect of a Mortgage Loan, as a consequence, *inter alia*, of having granted any Collateral Security or having assumed the borrower's obligation pursuant to a Mortgage Loan Agreement under an *accollo*, or otherwise.

"**Decree No. 239**" means Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time.

"**Decree No. 310**" means the ministerial decree No. 310 of 14 December 2006 issued by the Ministry of the Economy and Finance.

"**Deed of Charge**" means the English law deed of charge that may be entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to charge the rights arising under the Swap Agreements.

"**Deed of Pledge**" means the Italian law deed of pledge entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and of the Other Creditors).

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

"**Defaulted Loans**" means any Mortgage Loan in relation to which there are 1 (one) or more Defaulted Receivables.

"**Defaulted Receivable**" means any Receivable arising from Mortgage Loan Agreements included in the Cover Pool which has been classified as "*crediti deteriorati*" pursuant to the Bank of Italy's supervisory regulations (*Istruzioni di Vigilanza della Banca d'Italia*) and the Credit and Collection Policy.

"**Defaulting Party**" has the meaning ascribed to that term in the relevant Swap Agreement.

"**Delinquent Loan**" means any Mortgage Loan in relation to which there are 1 (one) or more Delinquent Receivables.

"**Delinquent Receivable**" any Receivable arising from Mortgage Loan Agreements included in the Cover Pool in respect of which there are 1 (one) or more Instalments due and not paid by the relevant Debtor and which has not been classified as Defaulted Receivable.

"**Earliest Maturing Covered Bonds**" means, at any time, the Series of Covered Bonds that has or have the earliest Maturity Date (if the relevant Series of Covered Bonds is not subject to an Extended Maturity Date) or Extended Maturity Date (if the relevant Series of Covered Bonds is subject to an Extended Maturity Date) as specified in the relevant Final Terms.

"**Early Termination Amount**" has the meaning ascribed to such term in the Terms and Conditions.

"**Eligible Assets**" means the following assets contemplated under article 2, sub-paragraph 1, of Decree No. 310:

- (i) the Residential Mortgage Loans;
- (ii) the Commercial Mortgage Loans;
- (iii) the Public Entity Receivables;
- (iv) the Public Entity Securities; and
- (v) the Asset Backed Securities.

"**Eligible Institution**" means any bank with legal office in an Eligible State.

"**Eligible Investment**" means (i) any Euro denominated security which qualifies as Eligible Asset; (ii) reserve accounts, deposit accounts, and other similar accounts that provide direct liquidity and/or credit enhancement

held at an Eligible Institution; and/or (iii) any security issued by an Eligible Institution, provided that any such investment has a residual maturity not longer than 1 (one) year.

"**Eligible States**" means any State belonging to the European Economic Area or Switzerland or in a country for which a zero per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"**EURIBOR**" means the Euro-Zone Inter-Bank offered rate for Euro deposits, as determined from time to time pursuant to the Transaction Documents.

"**Euro**", "**€**" and "**EUR**" refer to the single currency of member states of the European Union which adopt the single currency introduced in accordance with the treaty establishing the European Community.

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

"**European Economic Area**" means the region comprised of member states of the European Union which adopt the Euro in accordance with the Treaty.

"**Excess Receivables**" means, in relation to the Cover Pool and on each Calculation Date, those Receivables the aggregate Outstanding Principal of which is equal to: (i) any amount by reason of which the Portfolios comprised in the Cover Pool are in excess (as nominal value, interest coverage and net present value) of any Eligible Assets necessary to satisfy all Tests on the relevant Calculation Date; *minus* (ii) the aggregate Outstanding Principal of those Receivables indicated by the Calculation Agent as Affected Receivables pursuant to the provisions of clause 9.1 (*Payment of Indemnity*) of the Warranty and Indemnity Agreement.

"**Expenses**" means any documented fees, costs, expenses and taxes required to be paid to any third party creditors (other than the Covered Bondholders, the Other Issuer's Creditors and the Other Creditors) arising in connection with the Programme, and required to be paid (as determined in accordance with the Corporate Services Agreement) in order to preserve the existence of the Guarantor or to comply with applicable laws and legislation.

"**Expenses Account**" means the Euro denominated account established in the name of the Guarantor with the Italian Account Bank, IBAN IT82M031111129900000089446, or such other substitute account as may be opened in accordance with the Cash Allocation, Management and Payments Agreement.

"**Expiry Date**" means the date falling 1 (one) year and 1 (one) day after the date on which all Series of Covered Bonds issued in the context of the Programme have been cancelled or redeemed in full in accordance with their terms and conditions.

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

"**Extended Maturity Date**" means the date on which final redemption payments in relation to a specific Series of Covered Bonds becomes due and payable pursuant to the extension of the relevant Maturity Date in accordance with the relevant Final Terms.

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

"**Facility**" means the facility to be granted by each Subordinated Lender pursuant to the terms of clause 2 (*Il Finanziamento*) of the relevant Subordinated Loan Agreement.

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

"**Final Terms**" means, in relation to any issue of any Series of Covered Bonds, the relevant terms contained in the applicable Transaction Documents and, in case of any Series of Covered Bonds to be admitted to listing, the final terms submitted to the appropriate listing authority on or before the Issue Date of the applicable Series of Covered Bonds.

"Guarantee Priority of Payments" means the order of priority pursuant to which the Guarantor Available Funds shall be applied, on each Guarantor Payment Date following the delivery of an Issuer Default Notice, but prior to the delivery of a Guarantor Default Notice, in accordance with the terms of the Intercreditor Agreement.

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

"Guarantor Available Funds" means, collectively, the Interest Available Funds and the Principal Available Funds.

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

"Guarantor Event of Default" has the meaning ascribed to such expression in the Conditions.

"Guarantor Payment Date" means (a) prior to the delivery of a Guarantor Default Notice, the date falling on the 28th day of each month or, if such day is not a Business Day, the immediately following Business Day; and (b) following the delivery of a Guarantor Default Notice, any day on which any payment is required to be made by the Representative of the Covered Bondholders in accordance with the Post-Enforcement Priority of Payments, the relevant Final Terms and the Intercreditor Agreement.

"Guarantor Payment Period" has the meaning ascribed to that term in the Section "*Cashflows*" above.

"Initial Portfolio" means the initial portfolio of Receivables, comprising Eligible Assets, purchased by the Guarantor from each Seller pursuant to the relevant Master Loans Purchase Agreement.

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

- (i) such company, entity or corporation has become subject to any applicable bankruptcy, liquidation, administration, insolvency, composition or reorganisation (including, without limitation, "*fallimento*", "*liquidazione coatta amministrativa*", "*concordato preventivo*" and (other than in respect of the Issuer) "*amministrazione straordinaria*", each such expression bearing the meaning ascribed to it by the laws of the Republic of Italy, and including the seeking of liquidation, division, winding-up, reorganisation, dissolution, administration) or similar proceedings or the whole or any substantial part of the undertaking or assets of such company, entity or corporation are subject to a *pignoramento* or any procedure having a similar effect (other than in the case of the Guarantor, any portfolio of assets purchased by the Guarantor for the purposes of further programme of issuance of Covered Bonds), unless in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), such proceedings are being disputed in good faith with a reasonable prospect of success; or
- (ii) an application for the commencement of any of the proceedings under (i) above is made in respect of or by such company or corporation or such proceedings are otherwise initiated against such company, entity or corporation and, in the opinion of the Representative of the Covered Bondholders (who may in this respect rely on the advice of a legal adviser selected by it), the commencement of such proceedings are not being disputed in good faith with a reasonable prospect of success; or
- (iii) such company, entity or corporation takes any action for a re-adjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors (other than, in case of the Guarantor, the creditors under the Transaction Documents) or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or applies for suspension of payments (other than, in respect of the Issuer, the issuance of a resolution pursuant to article 74 of the Consolidated Banking Act); or
- (iv) an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution in any form of such company, entity or corporation or any of the events under article 2448 of the Italian Civil Code occurs with respect to such company, entity or corporation (except in any such case a winding-up or other proceeding for the purposes of or pursuant to a solvent amalgamation or reconstruction, the terms of which have been previously approved in writing by the Representative of the Covered Bondholders); or

- (v) such company, entity or corporation becomes subject to any proceedings equivalent or analogous to those above under the law of any jurisdiction in which such company or corporation is deemed to carry on business.

"Instalment" means with respect to each Mortgage Loan Agreement, each instalment due from the relevant Debtor thereunder and which consists of an Interest Instalment and a Principal Instalment.

"Intercreditor Agreement" means the intercreditor agreement entered into on or about the date hereof between the Guarantor and the Other Creditors.

"Interest Available Funds" has the meaning ascribed to such term in the Section named "*Cashflows*" above.

"Interest Coverage Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Interest Instalment" means the interest component of each Instalment.

"Interest Payment Date" has the meaning ascribed to such terms in the Conditions.

"Issue Date" has the meaning ascribed to such term, with respect to each Series of Covered Bonds, in the relevant Final Terms.

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

"Issuer Event of Default" has the meaning ascribed to such expression in the Conditions.

"Italian Accounts" means the Expenses Account, the Quota Capital Account, the Guarantor Payment Account and the Italian Collection Accounts.

"Italian Collection Accounts" means, collectively, the Italian BdB Collection Account, the Italian BRE Collection Account and any other Italian collection account which shall be opened by the Guarantor upon any entity part of the UBI Group becoming part of the Programme as Seller, Sub-Servicer, Service Provider and Subordinated Lender, for the purpose of crediting therein collections pertaining to the Portfolios transferred to the Guarantor by such entity in its capacity as Seller.

"Latest Valuation" means, at any time with respect to any Real Estate Asset, the value given to the relevant Real Estate Asset by the most recent valuation (to be performed in accordance with the requirements provided for under the Prudential Regulations) addressed to the Sellers or obtained from an independently maintained valuation model, acceptable to reasonable and prudent institutional mortgage lenders in Italy.

"Liability Swap Agreements" means the swap agreements that may be entered into on or about each Issue Date between the Guarantor and a liability swap provider.

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

"LTV" means, with respect to a Mortgage Loan, the Loan-to-Value ratio, determined as the ratio between the value of a Real Estate Asset and the value of the relevant Mortgage Loan.

"Luxembourg Accounts" means the Luxembourg Collection Accounts and the Reserve Fund Account.

"Luxembourg Deed of Pledge" means the Luxembourg law deed of pledge over bank account entered into, on or about the date hereof, between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) in order to pledge the Luxembourg Accounts.

"Mandate Agreement" means the mandate agreement entered into, on or about the date hereof between the Representative of the Covered Bondholders and the Guarantor.

"Margin" has the meaning ascribed to such term under the Final Terms.

"Master Definitions Agreement" means the master definitions agreement entered into, on or about the date hereof, between the Issuer, the Guarantor and the Other Creditors.

"Master Loans Purchase Agreement" means each master loans purchase agreement entered into on 29 February 2012 between the Guarantor and a Seller.

"Master Servicing Agreement" means the master servicing agreement entered into on 29 February 2012 between the Guarantor, the Issuer, the Master Servicer, the Service Providers and the Sub-Servicers.

"Maturity Date" means each date on which final redemption payments for a Series of Covered Bonds become due in accordance with the Final Terms but subject to it being extended to the Extended Maturity Date.

"Monte Titoli" means Monte Titoli S.p.A.. a *società per azioni* having its registered office at Via Mantegna, 6, 20154 Milan, Italy.

"Mortgage Loan Agreement" means any Residential Mortgage Loan Agreement or Commercial Mortgage Loan Agreement, as the case may be, out of which the Receivables arise.

"Mortgage Loan" means a Residential Mortgage Loan or a Commercial Mortgage Loan, as the case may be.

"Mortgages" means the mortgage security interests (*ipoteche*) created on the Real Estate Assets or the Commercial Assets, as the case may be, pursuant to Italian law in order to secure claims in respect of the Receivables.

"Mortgagor" means any person, either a borrower or a third party, who has granted a Mortgage in favour of a Seller to secure the payment or repayment of any amounts payable in respect of a Mortgage Loan, and/or his/her successor in interest.

"Negative Carry Factor" means 0 (zero) or such other percentage provided by the Issuer on behalf of the Guarantor and notified to the Representative of the Covered Bondholders and to the Calculation Agent.

"Net Present Value Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Net Present Value" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"New Portfolio" means any portfolio of Receivables (other than the Initial Portfolio), comprising Eligible Assets and Top-Up Assets, which may be purchased by the Guarantor from any Seller pursuant to the terms and subject to the conditions of the relevant Master Loans Purchase Agreement.

"Nominal Value" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

"Nominal Value Test" has the meaning ascribed to such term in the Section named "*Credit Structure*" above.

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

"Other Creditors" means the Issuer, the Sellers, the Subordinated Lenders, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the Luxembourg Account Bank, the Asset Monitor, any Asset Swap Providers, the Portfolio Manager (if any) and any other creditors which may, from time to time, be identified as such in the context of the Programme.

"Other Issuer's Creditors" means the Principal Paying Agent, any Liability Swap Provider, the Asset Monitor and any other Issuer's creditors which may, from time to time, be identified as such in the context of the Programme.

"Outstanding Principal" means, on any given date and in relation to any Receivable, the sum of all (i) Principal Instalments due but unpaid at such date; and (ii) the Principal Instalments not yet due at such date.

"Outstanding Principal Amount" has the meaning ascribed to such term in the Conditions.

"Outstanding Principal Balance" means any principal balance outstanding in respect of a Mortgage Loan.

"Payments Report" means the report to be prepared and delivered by the Calculation Agent pursuant to the Cash Allocation, Management and Payments Agreement on the second Business Day prior to each Guarantor Payment Date with respect to the immediately preceding Collection Period.

"Portfolio" means, in respect of each Seller, collectively, the Initial Portfolios and any New Portfolio which has been purchased and will be purchased by the Guarantor pursuant to the relevant Master Loans Purchase Agreement.

"Portfolio Manager" means the entity appointed as such in accordance with clause 5.6 (*Portfolio Manager*) of the Cover Pool Management Agreement.

"Post-Enforcement Priority of Payments" means the order of priority pursuant to which the Guarantor Available Funds shall be applied on each Guarantor Payment Date, following the delivery of a Guarantor Default Notice, in accordance with the Intercreditor Agreement.

"Potential Set-Off Amount" means 0 (zero).

"Pre-Issuer Event of Default Interest Priority of Payments" means the order of priority pursuant to which the Interest Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"Pre-Issuer Event of Default Principal Priority of Payments" means the order of priority pursuant to which the Principal Available Funds shall be applied on each Guarantor Payment Date, prior to the delivery of an Issuer Default Notice in accordance with the Intercreditor Agreement.

"Premium" means the premium payable by the Guarantor to each Seller in accordance with the relevant Subordinated Loan Agreement, as determined thereunder.

"Principal Available Funds" has the meaning ascribed to such term in the Section named "*Cashflows*".

"Principal Instalment" means the principal component of each Instalment.

"Priority of Payments" means each of the Pre-Issuer Event of Default Interest Priority of Payments, the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

"Privacy Law" means the Italian Legislative Decree No. 196 of 30 June 2003, as subsequently amended, modified or supplemented, together with any relevant implementing regulations as integrated from time to time by the *Autorità Garante per la Protezione dei Dati Personali*.

"Programme" means the programme for the issuance of each Series of Covered Bonds (*obbligazioni bancarie garantite*) by the Issuer in accordance with article 7-bis of the Securitisation and Covered Bond Law.

"Programme Agreement" means the programme agreement entered into on or about the date hereof between, *inter alios*, the Guarantor, the Sellers, the Issuer, the representative of the Covered Bondholders and the Dealers.

"Prospectus" means the prospectus prepared in connection with the issue of the Covered Bonds and the establishment and any update of the Programme, as supplemented from time to time.

"Prospectus Directive" means Directive 2003/71/EC of 4 November 2003, as amended (which includes the amendments made by Directive 2010/73/EU (the "**2010 PD Amending Directive**") to the extent that such amendments have been implemented in a relevant Members State of the European Economic Area).

"Prudential Regulations" means the prudential regulations for banks issued by the Bank of Italy on 27 December 2006 with Circular No. 263 (*Nuove disposizioni di vigilanza prudenziale per le banche*), as amended from time to time.

"Public Entities" means:

- (i) public entities, including ministerial bodies and local or regional bodies, located within the European Economic Area or Switzerland for which a risk weight not exceeding 20 per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach;
- (ii) public entities, located outside the European Economic Area or Switzerland, for which 0 (zero) per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach- or regional or local public entities or non-economic administrative entities, located outside the European Economic Area or Switzerland, for which a risk weight not exceeding 20

per cent. is applicable in accordance with the Bank of Italy's prudential regulations for banks — standardised approach.

"Public Entity Receivables" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any receivables owned by, or receivables which have been benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"Public Entity Securities" means pursuant to article 2, sub-paragraph 1, of Decree No. 310, any securities issued by, or which have benefit of a guarantee eligible for credit risk mitigation granted by, Public Entities.

"Purchase Price" means, in relation to the Initial Portfolio and each New Portfolio transferred by a Seller, the consideration paid by the Guarantor to such Seller for the transfer thereof, calculated in accordance with the relevant Master Loans Purchase Agreement.

"Quotaholders' Agreement" means the agreement entered into on or about the date hereof, between UBI, Stichting Viola, the Guarantor and the Representative of the Covered Bondholders.

"Quotaholders" means Unione di Banche Italiane S.c.p.A. and Stichting Viola.

"Quota Capital" means the quota capital of the Guarantor, equal to Euro 10,000.00.

"Real Estate Assets" means the real estate properties which have been mortgaged in order to secure the Receivables and each of them the **"Real Estate Asset"**.

"Receivables" means each and every right arising under the Mortgage Loans pursuant to the Mortgage Loan Agreements, including but not limited to:

- (i) all rights in relation to all Outstanding Principal of the Mortgage Loans as at the relevant Transfer Date;
- (ii) all rights in relation to interest (including default interest) amounts which will accrue on the Mortgage Loans as from the relevant Transfer Date;
- (iii) all rights in relation to the reimbursement of expenses and in relation to any losses, costs, indemnities and damages and any other amount due to each Seller in relation to the Mortgage Loans, the Mortgage Loan Agreements, including penalties and any other amount due to each Seller in the case of prepayments of the Mortgage Loans, and to the warranties and insurance related thereto, including the rights in relation to the reimbursement of legal, judicial and other possible expenses incurred in connection with the collection and recovery of all amounts due in relation to the Mortgage Loans up to and as from the relevant Transfer Date;
- (iv) all rights in relation to any amount paid pursuant to any Insurance Policy or guarantee in respect of the Mortgage Loans of which each Seller is the beneficiary or is entitled pursuant to any liens (*vincoli*);
- (v) all of the above together with the Mortgages and any other security interests (*garanzie reali o garanzie personali*) assignable as a result of the assignment of the Receivables (except for the *fidejussioni omnibus* which have not been granted exclusively in relation to or in connection with the Mortgage Loans), including any other guarantee granted in favour of the Sellers in connection with the Mortgage Loans or the Mortgage Loan Agreements and the Receivables.

"Receiver" means any receiver, manager or administrative receiver appointed in accordance with clause 9 (*Appointment of Receiver*) of the Deed of Charge.

"Recoveries" means any amounts received or recovered by the Master Servicer, or by each Sub-Servicer in accordance with the terms of the Master Servicing Agreement, in relation to any Defaulted Receivable and any Delinquent Receivable.

"Relevant Portfolio" means, in respect of each Asset Swap Agreement, the Portfolio transferred to the Guarantor by the Asset Swap Provider which is party thereto.

"Relevant Portfolio Test" means the test that the Calculation Agent will perform on each Calculation Date in the same manner as the Nominal Value Test, with respect to the Portfolio transferred by each relevant Seller.

"Reserve Fund Amount" means, on each Guarantor Payment Date, an amount, as calculated by the Calculation Agent on or prior to each Calculation Date, equal to:

- (i) interest accruing in respect of all outstanding Series of Covered Bonds during the immediately following Calculation Period (such that, if Liability Swap Agreements are in place for a Series of Covered Bonds, such interest amounts accruing will be the higher of the amount due to the Liability Swap Provider or the amount due to the Covered Bondholders of such Series, and if Liability Swap Agreements are not in place for a Series of Covered Bonds, such interest amounts accruing will be the amount due the Covered Bondholders of such Series), plus
- (ii) prior to the service of an Issuer Default Notice, the aggregate amount to be paid by the Guarantor on the immediately following Guarantor Payment Date in respect of the items (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments.

"Residential Mortgage Loan" means, pursuant to article 2, sub-paragraph 1, of Decree No. 310, any residential mortgage loan which has an LTV that does not exceed 80 per cent. and for which the hardening period with respect to the perfection of the relevant mortgage has elapsed.

"Residential Mortgage Loan Agreement" means any residential mortgage loan agreement out of which Receivables arise.

"Securitisation and Covered Bond Law" means Italian Law No. 130 of 30 April 1999 as amended from time to time.

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

"Senior Liabilities" means

- (i) on any Guarantor Payment Date prior to the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Pre-Issuer Event of Default Interest Priority of Payments, as provided for in the relevant Payments Report;
- (ii) on any Guarantor Payment Date following the delivery of an Issuer Default Notice, an amount equal to the sum of the payments due by the Guarantor pursuant to the items from (*First*) to (*Third*) of the Guarantee Priority of Payments, as provided for in the relevant Payments Report.

"Series" or **"Series of Covered Bonds"** means each series of Covered Bonds issued in the context of the Programme.

"Service Provider" means each Seller, other than UBI Banca, in its capacity as service provider pursuant to the Master Servicing Agreement and, collectively, the **"Service Providers"**.

"Sole Affected Party" means an Affected Party as defined in the relevant Swap Agreement which at the relevant time is the only Affected Party under such Swap Agreement.

"Specified Currency" means the currency as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Representative of the Covered Bondholders (as set out in the applicable Final Terms).

"Statutory Tests" means such tests provided for under article 3 of Decree No. 310 and namely: (i) the Nominal Value Test, (ii) the Net Present Value Test and (iii) the Interest Coverage Test, as further described in the Section named "*Credit Structure*" above.

"Subordinated Lender" means each Seller, in its capacity as subordinated lender pursuant to the relevant Subordinated Loan Agreement.

"Subordinated Loan Agreement" means each subordinated loan agreement entered into on 29 February 2012 between a Subordinated Lender and the Guarantor.

"Sub-Servicer" means each Seller, other than UBI Banca, in its capacity as sub-servicer pursuant to the Master Servicing Agreement.

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

"Swap Collateral Excluded Amounts" means at any time, the amounts of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Guarantor or, as the case may be, the Issuer including Swap Collateral which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and ultimately upon termination of the relevant Swap Agreement.

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

"Term Loan" means a loan made or to be made available to the Guarantor under the Facility or the principal amount outstanding for the time being of that loan, in accordance with each Subordinated Loan Agreement.

"Tests" means, collectively, the Statutory Tests and the Amortisation Test.

"Test Grace Period" means the period starting from the Calculation Date on which the breach of a test is notified by the Calculation Agent and ending on the third following Calculation Date.

"Top-Up Assets" means, in accordance with article 2, sub-paragraph 3.2 and 3.3 of Decree No. 310, each of the following assets:

- (i) deposits held with banks which have their registered office in the European Economic Area or Switzerland or in a country for which a 0 per cent. risk weight is applicable in accordance with the Bank of Italy's prudential regulations for banks – standardised approach; and
- (ii) securities issued by the banks indicated in item (i) above, which have a residual maturity not exceeding 1 (one) year.

"Tranche" means the tranche of Covered Bonds issued under the Programme to which each Final Terms relates, each such tranche forming part of a Series.

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

"Transfer Date" means: (a) with respect to the Initial Portfolio, the date designated by each Seller in the relevant Master Loan Purchase Agreement; and (ii) with respect to New Portfolios, the date designated by the relevant Seller in the relevant Transfer Notice.

"Transfer Notice" means, in respect to each New Portfolio, such transfer notice which will be sent by each Seller and addressed to the Guarantor in the form set out in schedule 5 (*Modello di proposta di cessione di Nuovi Portafogli*) to the relevant Master Loans Purchase Agreement.

"Treaty" means the treaty establishing the European Community.

"Warranty and Indemnity Agreement" means each warranty and indemnity agreement entered into on 29 February 2012, by a Seller and the Guarantor.

ISSUER

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DEALER

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