Unione di Banche Italiane S.p.A.

(Incorporated as a joint stock company in the Republic of Italy
under registered number 03053920165 in the Bergamo Company Register)

Euro 15,000,000,000 Debt Issuance Programme

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

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Directive (as defined herein). The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the Main Securities Market of the Irish Stock Exchange (the "**Main Securities Market**") or on another regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments) ("**MiFID**") or that are to be offered to the public in any Member State of the European Economic Area (the EEA). The Main Securities Market is a regulated market for the purposes of MiFID. Application has been made to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") for Notes issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the Irish Stock Exchange (the "**Official List**") and trading on the Main Securities Market. References in this Base Prospectus to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the Main Securities Market and have been admitted to the Official List.

Each Series (as defined on page 7) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**temporary Global Note**") or a permanent global note in bearer form (each a "**permanent Global Note**"). If the Global Notes are stated in the applicable Final Terms (as defined on page 7) to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined on page 7) to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**"). If a Global Certificate is held under the New Safekeeping Structure ("**NSS**") the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. Global Notes which are not issued in NGN form ("**Classic Global Notes**" or "**CGNs**") and Global Certificates which are not held under the NSS may be deposited on the issue date of the relevant Tranche with (i) a common depositary on behalf of Euroclear and Clearstream (the "**Common Depositary**") or (ii) any other agreed clearing system. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Overview of Provisions relating to the Notes while in Global Form".

The Programme has been rated "BBB-" (Senior unsecured debt) and "BB" (Subordinated debt) by S&P Global Rating ("**S&P**"), "Baa3" (Senior unsecured) and "Ba2" (Subordinated) by Moody's Investors Service

("**Moody's**"), "BBB-" (Senior unsecured debt) by Fitch Rating ("**Fitch**") and "BBB (high)" (Senior Long-Term Debt) by DBRS (**DBRS**). For further information on the ratings assigned to UBI Banca see "UBI Banca and the UBI Banca Group – Ratings". S&P, Moody's, Fitch and DBRS are established in the European Union and registered under Regulation (EC) No. 1060/2009 (the "**CRA Regulation**"). The European Securities and Markets Authority ("**ESMA**") is obliged to maintain on its website www.esma.europa.eu/page/Listregistered-and-certified-CRAs, a list of credit rating agencies registered and certified in accordance with the CRA Regulation. Tranches of Notes (as defined in "Overview of the Programme") may be rated or unrated. Where a Tranche of Notes is to be rated, the rating assigned will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Arranger

J.P. Morgan

Dealers

Banca IMI	**Banco Bilbao Vizcaya Argentaria, S.A.**
Barclays	**BNP PARIBAS**
BofA Merrill Lynch	**Citigroup**
Crédit Agricole CIB	**Credit Suisse**
DBS Bank Ltd.	**Deutsche Bank**
Goldman Sachs International	**HSBC**
ING	**J.P. Morgan**
Mediobanca	**Morgan Stanley**
MPS Capital Services	**Natixis**
NatWest Markets	**Nomura**
Société Générale Corporate & Investment Banking	**UBS Investment Bank**

UniCredit Bank

27 July 2017

This Base Prospectus comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (as amended, to the extent that such amendments have been implemented in the relevant Member State of the EEA) (the "**Prospectus Directive**") and for the purposes of giving information with regard to the Issuer and its consolidated subsidiaries (each a "**Subsidiary**" and together with the Issuer, the "**Group**" or the "**UBI Banca Group**") which, according to the particular nature of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "Documents Incorporated by Reference"), which documents form part of the Base Prospectus.

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

The minimum specified denomination of the Notes issued under this Programme shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).

This Base Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Dealers to subscribe for, or purchase, any Notes. The distribution of this Base Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus comes are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States. There are further restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United Kingdom, the Republic of Italy, the Netherlands, Singapore and Japan. For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see "Subscription and Sale".

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Base Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in

tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Base Prospectus or any such statement. Neither this Base Prospectus nor any other financial statements should be considered as a recommendation by any of the Issuer, the Arranger or the Dealers that any recipient of this Base Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger. In this Base Prospectus, unless otherwise specified or the context otherwise requires, all references to "**£**" or "**Sterling**" are to the currency of the United Kingdom, all references to "**US dollars**" are to the currency of the United States of America and all references to "**€**", "**euro**" and "**Euro**" are to the lawful currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended from time to time. Figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same item of information may vary, and figures which are totals may not be the arithmetical aggregate of their components.

In connection with any Tranche of Notes, one or more Dealers may act as a stabilising manager (the "**Stabilising Manager**"). References in the next paragraph to "**the issue**" of any Tranche are to each Tranche in relation to which any Stabilising Manager is appointed.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes, from 1 January 2018, are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise

making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out in on the cover page of this Base Prospectus.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to investors' overall portfolios. A potential investor should not invest in Notes which are complex

financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of this Base Prospectus.

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OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the relevant Final Terms. Words and expressions defined in "Terms and Conditions of the Notes" shall have the same meaning in this overview. The Issuer may agree with any Dealer that Notes may be issued in a form other than that contemplated in "Terms and Conditions of the Notes" herein, in which event a supplemental or drawdown Base Prospectus will be published.

Issuer	Unione di Banche Italiane S.p.A.
Description	Euro 15,000,000,000 Debt Issuance Programme
Size	Up to Euro 15,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger	J.P. Morgan Securities plc
Dealers	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited DBS Bank Ltd. Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc ING Bank N.V. J.P. Morgan Securities plc Mediobanca – Banca di Credito Finanziario S.p.A. Merrill Lynch International Morgan Stanley & Co. International plc MPS Capital Services S.p.A. Natixis Nomura International plc Société Générale The Royal Bank of Scotland plc (trading as NatWest Markets) UBS Limited UniCredit Bank AG The Issuer may from time to time terminate the appointment of any Dealer under the Programme or

	appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Base Prospectus to "**Permanent Dealers**" are to the persons listed above as Dealers and to such additional persons that are appointed as Dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "**Dealers**" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Trustee	Citicorp Trustee Company Limited
Issuing and Paying Agent	Citibank, N.A., London branch
Method of Issue	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the selling restrictions set forth in "Subscription and Sale". The Notes will be issued in series (each a "**Series**") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche will be completed in the final terms document (the "**Final Terms**").
Issue Price	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes	Notes may be issued in bearer form only ("**Bearer Notes**"), in bearer form exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") or in registered form only ("**Registered Notes**"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Overview of the Programme — Selling Restrictions"); otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each

	Noteholder's entire holding of Registered Notes of one Series. Registered Notes issued in global form will be represented by registered global certificates ("**Global Certificates**").
Clearing Systems	Euroclear, Clearstream, Luxembourg and, in relation to any Tranche, such other clearing system (including without limitation Monte Titoli) as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).
Initial Delivery of Notes	On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency if the Issuer and the relevant Dealer(s) so agree.
Maturities	Subject to compliance with all relevant laws, regulations and directives, any maturity between one month and 30 years as specified in the relevant Final Terms. Unless otherwise permitted by then current laws, regulations and directives, Subordinated Notes will have a maturity of not less than five years.
Denomination	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms

	("**Specified Denomination**") save that the minimum denomination of each Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Reset Notes	Reset Notes will, in respect of an initial period, bear interest at the initial fixed rate of interest specified in the relevant Final Terms. Thereafter, the fixed rate of interest will be reset on one or more date(s) specified in the relevant Final Terms by reference to a mid-market swap rate, as adjusted for any applicable margin, in each case, as may be specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association. Inc.; or (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Inverse Floating Rate Notes	Inverse Floating Rate Notes will bear interest calculated by subtracting a floating rate of interest from a Fixed Rate, such floating rate to be calculated in the manner described in sub-paragraphs (i) and (ii) above under the heading "Floating Rate Notes".
Zero Coupon Notes	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Rates of interest	The lengths of the interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum rate of interest, a minimum rate of interest, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out

	in the relevant Final Terms.
Rating	The Programme has been rated by S&P, Moody's, Fitch and DBRS. Tranches of Notes may be rated or unrated. Where a Tranche of Notes is to be rated, the rating assigned will be specified in the relevant Final Terms and will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Redemption	With the exception of Zero Coupon Notes, subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par. Unless permitted by then current laws and regulations, Notes (including Notes denominated in Sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue would otherwise constitute a contravention of Section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its equivalent in other currencies).
Optional Redemption	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Senior Notes only) the holders and, if so, the terms applicable to such redemption. Under applicable laws and regulations at the date of this Base Prospectus, other than for taxation reasons or for regulatory reasons or following an event of default, Subordinated Notes may not be repaid prior to five years from the relevant Issue Date. Other than following an event of default, any redemption of Subordinated Notes prior to their stated maturity in accordance with the Conditions (including early redemption for taxation reasons or early redemption for regulatory reasons which are each subject to further specific requirements as described in "Terms and Conditions of the Notes – Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated

	Notes") will be subject to compliance by the Issuer with any conditions prescribed by the Relevant Regulations as described in "Terms and Conditions of the Notes – Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes".
Status of Notes	Notes may be issued by UBI Banca on a subordinated basis (as Subordinated Notes) or unsubordinated basis (as Senior Notes), as specified in the relevant Final Terms. Senior Notes will constitute unsubordinated and unsecured obligations of UBI Banca, as described in "Terms and Conditions of the Notes — Status of the Notes". Subordinated Notes will constitute subordinated obligations of UBI Banca, as described in "Terms and Conditions of the Notes — Status of the Notes".
Negative Pledge	None.
Cross Default	Applicable to Senior Notes only. See "Terms and Conditions of the Notes — Events of Default".
Early Redemption	Except as provided in "Optional Redemption" above, Notes may be redeemable at the option of the Issuer prior to maturity only for taxation reasons and for regulatory reasons. See "Terms and Conditions of the Notes — Redemption, Purchase and Options".
Withholding Tax	All payments of principal and interest in the case of Senior Notes, or interest only in the case of Subordinated Notes will be made free and clear of withholdings or deductions for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of, the Republic of Italy, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In such a case, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions, all as described in

	"Terms and Conditions of the Notes — Taxation".
Governing Law	English (except for Condition 3(b) (*Status of the Notes – Subordinated Notes*) which shall be governed by Italian law). See "Terms and Conditions of the Notes — Governing Law and Jurisdiction".
Listing	Application has been made for Notes issued under the Programme to be admitted to the Official List and for such Notes to be admitted to trading on the Main Securities Market of the Irish Stock Exchange.
Selling Restrictions	Prohibition of Sales to EEA Retail Investors, United States, United Kingdom, The Netherlands, Republic of Italy, Singapore and Japan. See "Subscription and Sale". Category 1 selling restrictions will apply for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with US Treas. Reg. 1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Final Terms state that Notes are issued in compliance with US Treas. Reg. 1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

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

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

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

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

Risks concerning liquidity

The Group's businesses are subject to risks concerning liquidity which are inherent in its banking operations and could affect the Issuer's ability to meet its financial obligations as they fall due or to fulfil its commitments to lend.

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

In recent years, the global financial system has been subject to considerable turmoil and uncertainty and, as at the date of this Base Prospectus, the short and medium term outlook for the global economy remains uncertain. The repricing of sovereign risk following the recent crisis has contributed to keep volatility and uncertainty high, weighing negatively on the global financial system.

Credit markets (primarily in the U.S. and Europe) have been experiencing substantial dislocations, liquidity disruptions and market corrections whose scope, duration, severity and economic effect remain uncertain. The global liquidity crisis has had, and may continue to have, an adverse effect on markets in the U.S., Europe and Asia, and has affected conditions in European economies, including the Italian economy on which the Group's business depends. The global financial system has yet to overcome such difficulties and financial market conditions have remained challenging and, in certain respects, have deteriorated.

The current credit conditions of the global and Italian capital markets have led to the most severe examination of the banking system's capacity to absorb sudden significant changes in the funding and liquidity environment in recent history, and have had an impact on the wider economy. Individual institutions have faced varying degrees of stress. Should the Group be unable to continue to source a sustainable funding profile which can absorb these sudden shocks, the Group's ability to fund its financial obligations at a competitive cost, or at all, could be adversely affected.

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

Intervention with respect to the level of capitalisation of banking institutions has had to be further increased in response to the financial markets' crisis, the reduced liquidity available to market operators in the industry, the increase of risk premiums and the capital requirements demanded by investors. In many countries, this has been achieved through support measures for the financial system and direct intervention by governments in the share capital of banks in different forms. In order to technically permit such government support, financial institutions were required to pledge securities deemed appropriate by different central financial institutions as collateral.
The unavailability of liquidity through such measures, or the decrease or discontinuation of such measures by governments and central authorities could result in increased difficulties in procuring liquidity in the market and/or result in higher costs for the procurement of such liquidity, thereby adversely affecting the UBI Banca Group's business, financial condition and results of operations.

The Group's business is focused primarily on the Italian domestic market and therefore adverse economic conditions in Italy or a delayed recovery in the Italian market may have particularly negative effects on the UBI Banca Group's financial condition and results of operations.

Italy is the Group's primary market. Its business is therefore particularly sensitive to adverse macroeconomic conditions in Italy. The persistence of adverse economic conditions in Italy, or a slower recovery in Italy compared to other OECD nations could have a material adverse effect on the Group's business, results of operations or financial condition. In addition, any downgrade of the Italian sovereign credit rating or the perception that such a downgrade may occur, may destabilise the markets and have a material adverse effect on the Group's operating results, liquidity position, financial condition and prospects as well as on the marketability of the Notes.

Risks related to the European sovereign debt crisis

The continued deterioration of the merit of credit of various countries, including (among others) Greece, together with the potential for contagion to spread to other countries in Europe, including Italy, has exacerbated the severity of the global financial crisis. Such developments have posed a significant risk to the stability and status quo of the Economic and Monetary Union ("**EMU**"), and have raised concerns about its long-term sustainability.

In recent years, several EMU countries have requested financial aid from European authorities and from the International Monetary Fund. Such countries are currently pursuing ambitious programmes of reforms. The risk of a sharp and substantial repricing in sovereign credit spreads in the Euro-zone has diminished (but has not completely faded) after the European Central Bank (the "**ECB**") launched the "Outright Monetary Transactions".

Despite these and other initiatives of supranational organisations to deal with the sovereign debt crisis in the Euro-zone, global markets remain characterised by high volatility and a general decrease of market depth. Credit quality has generally declined, as reflected by the repeated downgrades suffered by several countries in the Euro-zone, including Italy, since the start of the sovereign debt crisis (see further "*Risks related to a downgrade of the Italian sovereign credit rating*"). The large sovereign debts and/or fiscal deficits in certain European countries, including Italy, have raised concerns regarding the financial condition of Euro-zone financial institutions and their exposure to such countries. Concerns also persist regarding the overall stability of the euro and the suitability of the euro as a single currency, given the diverse economic and political circumstances in individual member states of the Euro-zone.

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

The ECB's unconventional monetary policy tools have contributed to ease market tensions, limiting the refinancing risk for the banking system and leading to a tightening of credit spreads of sovereign risk. Should the ECB halt or reconsider the current set up of unconventional measures, this would impact negatively the value of sovereign debt instruments. This would have a materially negative impact on the Group's business, results and financial position.

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

Risks related to a downgrade of the Italian sovereign credit rating

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

countries or other countries within the Euro-zone might lead to contagion (see further "*Risks related to the European sovereign debt crisis*").

Risks associated with UBI Banca's participation in the Atlante Fund

The Atlante Fund is a closed-end alternative investment fund intended to support the recapitalisation of Italian banks and to facilitate the disposal of non-performing loans (the "**Atlante Fund**"). The Atlante Fund is managed by Quaestio SGR.

On 18 April 2016 the Issuer announced that the Management Board had decided in favour of the adhesion of the UBI Banca Group to the "Fondo Atlante" (Atlante Fund) for an amount up to Euro 200 million.

Since it was formed, the Atlante Fund has participated in two transactions to recapitalise Italian banks (i.e. Banca Popolare di Vicenza S.p.A. ("**BPVi**") and Veneto Banca S.p.A. ("**Veneto Banca**")) and to acquire notes of non-performing loans of Italian banks via Atlante II Fund. The Atlante II Fund has participated in transactions to acquire notes of non-performing loans of Italian Banks.

As of 31 December 2016, the value of our investment in the Atlante Fund—solely for the amount recorded under UCITS (Undertakings for Collective Investment in Transferable Securities) units in the Available-For-Sale (AFS) portfolio—was Euro 65.5 million (Euro 89.2 million taking into account also the commitment related to the sums paid in January 2017), as compared to an overall exposure of Euro Euro 162.2 million (of which Euro 119.1 million related to AFS and €43.1 million related to commitments) and, therefore, with a write-down of Euro 73.0 million (of which Euro 53.6 million related to AFS and Euro 19.4 million related to commitments).

The units of the Atlante Fund were initially recognised at their subscription value, which was deemed an expression of the fair value of the investment as of the initial recognition date.

After the evaluation update of the units held as of 31 December 2016, according to an internal evaluation model based on multiples of banking baskets, integrated with estimates on Atlante's banks NPL credit portfolio and related equity/capital needs, a Euro 18.7 million impairment was recognised as of 31 March 2017.

Consequently, if the value of the assets in which the Atlante Fund are invested and/or will be invested were to be reduced, among other things, as a result of write-downs or because the assets are sold at a price below the acquisition price, or if such assets were to be replaced with assets having a greater risk profile or that are characterised by a greater degree of capital absorption (for example, non-performing loans), this situation could require UBI Banca to further write down UBI Banca investment in the Atlante Fund, which could have an adverse effect on the capital ratios of UBI Banca.

The regulatory treatment of the units held by UBI in the Atlante Fund is based on the application of the look-through method to the underlying investments, specifically the stakes indirectly held in BPVi and Veneto Banca are classified as non-significant holdings in a financial sector entity, according to the provisions set by EU Regulation 2015/923.

With reference to the commitment held by UBI Banca towards the Atlante Fund, the regulatory treatment for risk weighted assets purposes foresees the application of a Credit Conversion Factor

equal to 100 per cent. ("full risk") according to the Annex I of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the CRD IV Regulation).

Impact of austerity measures on the Group

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

Impact of events which are difficult to anticipate

The Group's earnings and business are affected by general economic conditions, the performance of financial markets (including liquidity constraints) and of market participants, interest rate levels, currency exchange rates, changes in laws and regulation, changes in the policies of central banks, particularly the Bank of Italy and the ECB, and competitive factors, at a regional, national and international level. The expectations in respect of the global economy remain uncertain in the short- and medium-term. Additional sources of uncertainty are those related to the geopolitical environment including the timing and the modalities for the exit of the United Kingdom from the European Union. Each of these factors can change the level of demand for the Group's products and services, the credit quality of borrowers and counterparties (with potentially negative effects on the recovery of loans or other amounts due from borrowers and counterparties of the Group) and the value of the Group's investment and trading portfolios, and can influence the Group's balance sheet and economic results.

Changes in interest rates

Fluctuations in interest rates influence the Group's financial performance. The results of the Group's banking operations are affected by its management of interest rate sensitivity and, in particular, changes in market interest rates: the risks associated with interest rate fluctuations specifically affect the interest margin and, consequently, the Group's net profits (cash flow risk) and also affect the actual net value of assets and liabilities, by impacting the present value of future cash flows (fair value risk). A mismatch of interest-earning assets and interest-bearing liabilities in any given period, which tends to accompany changes in interest rates, may have a material effect on the Group's financial condition or results of operations. In addition, the low level of interest rates in the Italian banking sector in recent years has caused a sharp reduction in the difference between borrowing and lending rates, and has made it difficult for banks to maintain positive growth trends in interest rate margins.

Competition

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

(a) a progressive reduction in the differential between lending and borrower interest rate, which may result in the Group facing difficulties in maintaining its actual rate of growth in interest rate margins; and

(b) a progressive reduction in commissions and fees, particularly from dealing on behalf of third parties and orders collection, due to competition on prices.

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

Credit and market risk

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

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

Risks relating to the acquisition of the Target Bridge Institutions

On 10 May 2017, the Issuer completed the acquisition (the "**Acquisition**") of the entire share capital of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A. and Nuova Cassa di Risparmio di Chieti S.p.A. (the "**Target Bridge Institutions**") pursuant to the purchase agreement entered into on 18 January 2017, (the "**Acquisition Agreement**") by and between the Issuer and the Bank of Italy, on behalf of, and in its capacity as managing entity for, the Italian National Resolution Fund (*Fondo Nazionale di Risoluzione*) (the "Italian **National Resolution Fund**") (the "**Seller**").

In addition to the standard risks relating to acquisition transactions, the Acquisition involves specific risks deriving from the past activities of the Target Bridge Institutions. Specifically, the Target Bridge Institutions were formed as "bridge bank institutions" to hold certain assets and liabilities of the Old Banks (as defined below) in connection with the resolution of Banca delle Marche S.p.A., Banca Popolare dell'Etruria e del Lazio S.c.p.a. and Cassa di Risparmio della Provincia di Chieti S.p.A. (collectively, the "**Old Banks**") pursuant to the BRRD and national implementing legislation. Each of the Old Banks is currently under mandatory administrative liquidation (*risoluzione coatta amministrativa*).

In the context of extraordinary administration (*amministrazione straordinaria*) and as a result of the inspections previously carried out by the Bank of Italy and CONSOB in relation to the Old Banks, both the supervisory authorities and provisional administrative bodies (*organi commissariali*) identified management deficiencies; inadequate corporate, organisational, administrative and accounting structures within the banks and their subsidiaries; as well as the violation of regulations regarding the provision of banking and financial services to customers. On the basis of such deficiencies and inadequacies, each Old Bank was put into extraordinary administration and administrative fines were imposed on members of the bank's management and control bodies.

In light of the deficiencies and inadequacies indicated above and the gradual reduction in the share capital of the Old Banks – which was exacerbated by the lengthy recession of the Italian economy, against the broader background of the financial and economic crisis in Europe – the Bank of Italy initiated the procedure for the financial recovery of the Old Banks based on a programme which included the following measures: (i) the total reduction of reserves and share capital and nominal value of class 2 elements eligible for computation in own funds of the Old Banks with the aim of partially covering losses; (ii) the establishment of the Target Bridge Institutions as "bridge institutions" with the aim of ensuring continuity in the credit and financial services already provided by the Old Banks pursuant to Article 42 of Legislative Decree 180/2015; (iii) the transfer of all rights, assets and liabilities constituting the banking businesses of the Old Banks to the respective New Bank, with the exception of subordinated debt which is not eligible for computation as own funds issued by the relevant distressed bank; (iv) the establishment of a special purpose vehicle (i.e., REV – Gestione Crediti S.p.A. "REV"), whose share capital is held by the Bank of Italy, for the purpose of acquiring the bad loan (sofferenze) assets held by the bridge institution, pursuant to Article 46 of Legislative Decree 180 of 16 November 2015.

The Target Bridge Institutions – which were incorporated in November 2015 – recorded substantial losses due to, inter alia, adjustments to their asset value and the fact that their incorporation formed part of the first resolution of distressed banks in the Italian market, and the media effects of this event had an impact on reputation, customers and deposits, affecting the ability to recover confidence in the institutions.

Losses incurred by the Target Bridge Institutions (or their businesses) in the current fiscal year and/or in the future, could result in a material adverse effect on the Issuer and/or the Group's business, financial condition and results of operations.

In addition, changes in the regulatory and macroeconomic landscape as well as in the Group's banking insurance, financial and real estate market performance, could result in the need for further adjustments or write downs or additional incurred costs, resulting in a material adverse effect on the Group and/or the Group's business, financial condition, results of operations and business prospects.

Further administrative fines were imposed on members of the management and control bodies of the Old Banks as a result of significant management, organisation, administrative and accounting structure deficiencies, as well as violation of the regulation applicable to the provision of banking and financial services to customers.

Third parties may start legal proceedings against the Target Bridge Institutions based on, or connected with, the findings of the competent Supervisory Authorities and/or the related sanctions. Such third parties include clients, creditors and other contractual counterparties of the Old Banks as

well as shareholders and underwriters of other financial instruments (e.g., shares or bonds) issued and placed by the Old Banks as part of their banking and financial services to customers. These third parties, including those which have already filed claims, may use the findings of the inspection carried out by the Supervisory Authorities and the activities of provisional administrative bodies to start legal proceedings against the Issuer or to further corroborate or support their existing claims or pending proceedings.

If such proceedings were to have a negative outcome and the provisions for risk and charges recorded in the financial statements of the Target Bridge Institutions and/or the indemnity obtained under the Acquisition Agreement were to be insufficient to cover ensuing losses, the Issuer would suffer a material negative impact on its business, financial condition and results of operations.

Protracted market declines and reduced liquidity in asset markets

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

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

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

Operational risk

The Group, like all financial institutions, is exposed to the risk of incurring losses due to the inadequacy or inefficiency of processes, personnel and internal systems, or caused by external factors. For example, these include losses due to fraud, human error, interruptions in operations, system unavailability (including IT system; see also "Risk relating to information technology systems" below), contractual breaches and natural disasters. In terms of their monetary manifestation, this includes legal risk, model-related risk, operating losses overlapping market risk (i.e. losses and/or additional costs related to financial transactions) and operating losses overlapping credit risk (i.e. losses generated during the placement of a product and/or within a lending process, due to an operational risk). Operational risk does not include reputational risk or strategic risk. The Group's systems and processes are designed to ensure that the operational risks associated with its activities

are appropriately monitored. Any failure or weakness in these systems, could however adversely affect its financial performance and business activities

Risks relating to information technology systems

The Group depends on its information technology (IT) and data processing systems to operate its business, as well as on their continuous maintenance and constant updating. The Group is exposed to the risk that data could be damaged or lost, or removed, disclosed or processed (data breach) for purposes other than those authorized by the customer, including by unauthorized parties.

The possible destruction, damage or loss of customer, employee or third party data, as well as its removal, unauthorized processing or disclosure, would have a negative impact on the Group's business and reputation, and could subject the Group to fines, with consequent negative effects on the Group's business, results of operations or financial condition.

In addition, changes to relevant regulation could impose more stringent sanctions for violations, and could have a negative impact on the Group's business insofar as they lead the Group to incur additional compliance costs.

There are possible risks with regard to the reliability of IT systems (disaster recovery), the quality and integrity of the data managed and the threats to which IT systems are subject, as well as physiological risks related to the management of software changes (change management), which could have negative effects on the Group's operations, as well as on the Group's capital and financial situation.

Risks faced by the Group relating to the management of IT systems include possible violations of its systems due to unauthorized access to the Group's corporate network or IT resources, the introduction of viruses into computers or any other form of abuse committed via the Internet. Like attempted hacking, such violations have become more frequent over the years throughout the world and therefore can threaten the protection of information relating to the Group and our customers and can have negative effects on the integrity of the Group's IT systems, as well as on the confidence of the Group's customers and on the Group's reputation, with possible negative effects on the Group's capital and financial condition.

Reliance on primary geographic markets

The UBI Banca Group has a widespread geographic distribution in Italy consisting of 1,524 branches (as at 31 December 2016), over 67 per cent located in northern Italy. The Issuer has strong territorial roots in certain regions where it has historically operated (particularly Lombardy, Piedmont, Marches, Apulia, etc). The UBI Banca Group relies for its distribution system on local network with long-standing, deep-rooted traditions in the respective territories. Until November 2016, the UBI Banca Group network consisted of 7 network banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca di Valle Camonica, Banca Popolare di Ancona and Banca Carime). In June 2016, the 2019 -2020 Business Plan was approved by UBI's Supervisory Board; the Business Plan provided, *inter alia*, for the merger into the parent bank UBI Banca of seven network banks (so-called "**Single Bank Project**"), as further explained below.

Mergers took place in two steps: Banca Popolare Commercio e Industria ("**BPCI**") and Banca Regionale Europea ("**BRE**") were merged on 21 November 2016 and the remaining five banks (Banca Popolare di Bergamo S.p.A. ("**BPB**"), Banca Popolare di Ancona S.p.A. ("**BPA**"), Banca Carime S.p.A. ("**Carime**"), Banco di Brescia San Paolo CAB S.p.A. ("**BBS**") and Banca Valle Camonica S.p.A. ("**BVC**")) were merged on the following 20 February 2017. At the end of March 2017 the UBI Banca Group's branch network consisted of 1,447 branches, of which 1,441 operating in Italy, down by 83 branches compared with the end of 2016, almost totally attributable to rationalisation action taken on the distribution network following the completion of the Single Bank Project.

On 10 May 2017 UBI Banca concluded the acquisition from the Italian National Resolution Fund of 100 per cent. of the share capital of Nuova Banca delle Marche, Nuova Banca dell'Etruria e del Lazio and Nuova Cassa di Risparmio di Chieti (the "**Acquisition**") at the terms and conditions provided in the purchase and sale agreement entered into on 18 January 2017 with the Bank of Italy, in its quality as the manager of and on behalf of the Italian National Resolution Fund, following the bid made by UBI Banca on the 11 January 2017. As a consequence of the Acquisition, the UBI Banca Group's branch network increased by over 500 branches compared with the number of branches as at 31 December 2016. These new branches mainly operate in the regions of Marches, Abruzzo, Lazio, Umbria and Tuscany.

On 11 May 2017 the Management Board and the Supervisory Board of UBI Banca approved the merger into UBI Banca of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A., Nuova Cassa di Risparmio di Chieti S.p.A., Banca Federico del Vecchio S.p.A. and Cassa di Risparmio di Loreto S.p.A. These mergers are expected to be completed by 30 June, 2018. This operation forms part of the natural continuation of the process to optimise the organisational structure of the UBI Group as resulting after the recent conclusion of the Single Bank Project.

Legal proceedings

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

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

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

Adverse regulatory developments

The Issuer conducts its business subject to ongoing regulatory and associated risks, including the effects of changes in laws, regulations, and policies in Italy and at European level. The Issuer's business can therefore be affected by regulatory factors connected with domestic Italian and

European Union developments in financial and fiscal matters, including the reform of the "banche popolari" (cooperative banks) system in Italy (see further "UBI Banca and the UBI Banca Group – Recent Developments"). 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, and by the ECB. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the "**Basel Committee**") and aim at preserving their stability and resilience and limiting their risk exposure (see below "**Basel III and the CRD IV Package**").

In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, amongst others, a revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation which is expected to apply as of 3 January 2018, subject to certain transitional arrangements. The Basel Committee has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course. In addition, as further detailed below under "Basel III and the CRD IV Package", the European Commission intends to develop the Net Stable Funding Ratio (NSFR) with the aim of introducing it from 1 January 2018, within the EU Banking Reform proposal as illustrated below.

Moreover, the Basel Committee has embarked on a very significant risk weighted assets (RWA) variability agenda. This includes the Fundamental Review of the Trading Book, revised standardised approaches (credit, market, operational risk), constraints to the use of internal models as well as the introduction of a capital floor. The regulator's primary aim is to eliminate unwarranted levels of RWA variance. The new framework is in the process of being finalised. The new framework will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against those exposures assessed via the standardised approach, and those evaluated via an internal ratings based approach (IRB). In addition, significant changes are expected in relation to operational risk modelling, as the Basel Committee is proposing the elimination of the internal models some banks (including UBI Banca) are currently utilising and the introduction of a more standardised approach. Following the finalisation of the Basel framework, the new rules will need to be transposed into European regulation. Implementation of these new rules on risk models is not expected before the end of 2018.

On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks ("**EU Banking Reform**"). The proposed new package provides for amendments to the following pieces of legislation:

(i) the CRD IV Package (as defined below);

(ii) the Bank Recovery and Resolution Directive (as defined below);

(iii) regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions

and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund.

Moreover, the European Commission, in the context of the proposed new package, is considering to create a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency.

In such perspective, the amendments to Article 108 of the BRRD (as defined below) aim at enhancing the implementation of the bail-in tool provided for under BRRD and at facilitating the application of the MREL (as defined below) and the forthcoming TLAC (as defined below) requirement concerning the loss absorption and recapitalisation capacity of credit institutions and investment firms. As such, the amendments provide an additional means for credit institutions and certain other institutions to comply with the forthcoming TLAC and MREL requirements and improve their resolvability, without constraining their respective funding strategies. In this respect, it is worth noting that one of the main proposed changes to the global regulatory framework is for G-SIIs to be required to have a minimum Total Loss Absorbing Capacity ("**TLAC**"). In November 2014, the Financial Stability Board (the "**FSB**") published a consultation document setting out its proposals for TLAC, which were endorsed at the Group of Twenty's (G20) Brisbane conference in November 2014. The FSB, in November 2015, issued the final TLAC standard for G-SIIs, with application starting from 2019.

G-SIIs will be required to meet the TLAC requirement alongside the minimum regulatory requirements set out in the Basel III framework. Specifically, they will be required to meet a Minimum TLAC requirement of at least 16% of the resolution group's risk-weighted assets (TLAC RWA Minimum) as from 1 January 2019 and at least 18% as from 1 January 2022. Minimum TLAC must also be at least 6% of the Basel III leverage ratio denominator (TLAC Leverage Ratio Exposure (LRE) Minimum) as from 1 January 2019, and at least 6.75% as from 1 January 2022. Eligible instruments must be unsecured and formally subordinated to excluded liabilities, with few exceptions (in particular option to allow non-subordinated instruments to count toward TLAC for an amount up to 2.5% / 3.5% of RWA) A number of further specifications apply (in particular, a residual maturity of at least one year, instrument fully paid up) and some instruments are excluded (including structured notes, derivatives, insured deposits, etc.). The impact on G-SIIs may well come ahead of 2019, as markets may force earlier compliance and as banks will need to adapt their funding structure in advance. The EU Banking Reform contains a legislative proposal to implement the TLAC in the EU. Under discussion there is also the possibility to extend the standard of TLAC to other systemic important institutions (O-SIIs) by introducing an integrated approach adapting the "Minimum Requirement for Own Funds and Eligible Liabilities" of the BRRD to TLAC.

In addition, regulators and supervisory authorities are taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by supervisory authorities and the Issuer could come under investigation and surveillance, and be involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems and people and compliance with which may place additional burdens or restrictions on the Issuer.

Changes in the regulatory framework and in how such regulations are interpreted and/or applied by the supervisory authorities may have a material effect on the Group's business and operations. The manner in which the new framework of banking laws and regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and

regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Group.

Basel III and the CRD IV Package

In December 2009, the Basel Committee proposed strengthening the global capital framework, and in December 2010, January 2011 and July 2011, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("**Basel III**"), which envisaged a substantial strengthening of capital rules existing at the time, including by, among other things, raising the quality of the Common Equity Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base), introducing requirements for Additional Tier 1 and Tier 2 capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability, strengthening the risk coverage of the capital framework, promoting the build-up of capital buffers and introducing a new leverage ratio and global minimum liquidity standards for the banking sector. The full implementation of Basel III is not expected before 2019.

In January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR (as defined below), with a full implementation in 2019, as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the Net Stable Funding Ratio (the "**NSFR**"), the Basel Committee published the final rules in October 2014 providing that the NSFR will become a minimum standard starting from 1 January 2018.

The Basel III framework has been implemented in the EU through new banking requirements: Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the "**CRD IV**") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR**" and together with the CRD IV, the "**CRD IV Package**").

Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by 2019 and some minor transitional provisions provide for phase-in until 2024) but it is possible that in practice implementation under national laws may be delayed. Additionally, it is possible that EU Member States may introduce certain provisions at an earlier date than that set out in the CRD IV Package.

National options and discretions that were exercised by national competent authorities are now exercised by the SSM (as defined below) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016 the ECB adopted Regulation (EU) 2016/445 on the exercise of options and discretions available in Union law, published on 24 March 2016 and the ECB Guide on options and discretions available in Union law ("**ECB Guide**"). This regulation specifies certain of the options and discretions conferred on competent authorities under Union law concerning prudential requirements for credit institutions that the ECB is exercising. It shall apply exclusively with regard to those credit institutions classified as "significant" in accordance with Article 6(4) of Regulation (EU) No 1024/2013, and Part IV and Article 147(1) of Regulation (EU) No 468/2014. Depending on the manner in which these options / discretions were so far exercised by the national competent authorities and on the manner in which the SSM will exercise them in the future, additional / lower capital requirements may result. Moreover, on 10 August 2016, the ECB

published an addendum to the ECB Guide which addresses eight options and discretions and complements the existing ECB Guide and Regulation (EU) 2016/445 published on 24 March 2016.

In addition, on 13 April 2017, the ECB published a guideline and a recommendation addressed to national competent authorities ("**NCAs**") concerning the exercise of options and national discretions available in European Union law that affect banks which are directly supervised by NCAs (*i.e.* less significant institutions). Both documents are intended to further harmonise the way banks are supervised by NCAs in the 19 countries to which the SSM (as defined below) applies. The aim is to ensure a level playing field and the smooth functioning of the euro area banking system as a whole.

In Italy, the Government approved the Legislative Decree No. 72 of 12 May 2015 implementing the CRD IV (the "**Decree 72/2015**"). Decree 72/2015 entered into force on 27 June 2015. Decree 72/2015 impacted, *inter alia*, on:

- proposed acquirers of holdings in credit institutions, requirements for shareholders and Members of the management body (Articles 23 and 91 of the CRD IV);
- supervisory measures and competent authorities' powers (Articles 64, 65, 102 and 104 of the CRD IV);
- reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 of the CRD IV); and
- administrative penalties and measures (Article 65 of the CRD IV).

The Bank of Italy published the supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013 – "**Circular No. 285**") which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. Circular No. 285 has been constantly updated after its first issue.

Starting from 1 January 2015, Italian banks are required to comply with a minimum Common Equity Tier 1 (CET1) Capital ratio of 4.5 per cent., a minimum Tier 1 Capital ratio of 6 per cent., and a minimum Total Capital Ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:

- Capital conservation buffer: set at 2.5 per cent. of risk weighted assets subject to the transitional regime below and applicable to the Issuer from 1 January 2014 (pursuant to Article 129 of the CRD IV and Title II, Chapter I, Section II of Circular No. 285). In this respect, on 4 October 2016, the Bank of Italy enacted the 18th update to Circular No. 285 in order to align the domestic transitional regime concerning the capital conservation buffer to the provisions set forth in CRD IV. According to such update, banks, both at individual and consolidated level, shall apply a minimum capital conservation buffer equal to: (i) 1.25 per cent. from 1 January 2017 to 31 December 2017, (ii) 1.875 per cent. from 1 January 2018 to 31 December 2018 and (iii) 2.5 per cent. starting from 1 January 2019. Such update entered into force on 1 January 2017;
- Counter-cyclical capital buffer: The countercyclical capital buffer applies starting from 1 January 2016. Pursuant to Article 160 of the CRD IV and the transitional regime granted by Bank of Italy for 2017, institutions' specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital capped to 1.25 per cent. of the total of the risk-weighted exposure amounts of the institution. As of 23 June 2017 the Bank of Italy set the rate to 0% with reference to the exposure towards Italian counterparties;

- Capital buffers for global systemically important institutions (**G-SIIs**): set as an "additional loss absorbency" buffer ranging from 1.0 per cent. to 3.5 per cent. determined according to specific indicators (size, interconnectedness, substitutability of the services provided, global cross-border activity and complexity), to be phased in from 1 January 2016 (Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285), becoming fully effective on 1 January 2019; and
- Capital buffers for other systemically important institutions at domestic level (**O-SIIs**): up to 2.0 per cent. as set by the relevant competent authority (and must be reviewed at least annually from 1 January 2016), to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285).

The Issuer is not included in the list of financial institutions of global systemic importance published on 21 November 2016 by the Financial Stability Board. The Bank of Italy has not included the Issuer among the O-SII for the year 2017.

In addition to the above listed capital buffers, under Article 133 of the CRD IV each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 Capital in order to prevent and mitigate long term non-cyclical systemic or macroprudential risks with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. At this stage no provision is set forth on the systemic risk buffer under Article 133 of the CRD IV as the Italian level 1 rules for the implementation of the CRD IV on this point have not been enacted yet.

Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV and Part I, Title II, Chapter I, Section V of Circular No. 285).

As part of the CRD IV Package transitional arrangements, as implemented by Circular No. 285, regulatory capital recognition of outstanding instruments which qualified as Tier I or Tier II capital instruments under the framework which the CRD IV Package has replaced and that no longer meet the minimum eligibility criteria for Tier I or Tier II capital instruments (respectively) under the CRD IV Package will have their capital recognition gradually phased out. Fixing the base at the nominal amount of all such instruments outstanding on 1 January 2013, their recognition was capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year (see, in particular, Part Two, Chapter 14, Section 2 of Circular No. 285).

The new liquidity requirements introduced under the CRD IV Package are the Liquidity Coverage Ratio (the "**LCR**") and NSFR. The Liquidity Coverage Ratio Delegated Regulation (EU) 2015/61 was adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015. The LCR is subject to a gradual phase-in: the minimum value for the LCR is set at (i) 60% starting from 2015; (ii) 70% starting from January 1, 2016; (iii) 80% starting from January 1, 2017; and (iv) 100% starting from January 1, 2018, in accordance with the CRR Regulation. On the other hand, the EU Banking Reform includes a proposal aimed at establishing a binding detailed NSFR which will require credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding with a view to increasing banks' resilience to funding constraints.

The CRD IV Package also introduced a new leverage ratio with the aim of restricting the level of leverage that an institution can take on to ensure that an institution's assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) 2015/62 was adopted on 10 October 2014

and was published in the Official Journal of the European Union in January 2015, amending the calculation of the leverage ratio compared to the current text of the CRR Regulation. Institutions have been required to disclose their leverage ratio from 1 January 2015. Full implementation of the leverage ratio as a Pillar 1 measure and European harmonisation, however, is not expected until 1 January 2018. The EU Banking Reform contains a proposal to implement a binding leverage ratio of 3 per cent. which is designed to prevent institutions from excessively increasing leverage (e.g. to compensate for low profitability).

The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to LCR and leverage ratio in order to enhance regulatory harmonisation in Europe through the EBA single supervisory rulebook applicable to EU Member States. Specifically, the CRD IV Package tasks the EBA with advising on appropriate uniform definitions of liquid assets for the LCR buffer. In addition, the CRD IV Package states that the EBA shall report to the European Commission on the operational requirements for the holdings of liquid assets. The CRD IV Package also tasks the EBA with advising on the impact of the liquidity coverage requirement, on the business and risk profile of institutions established in the European Union, on the stability of financial markets, on the economy and on the stability of the supply of bank lending.

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

In addition, the Issuer is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process ("**SREP**"). The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.

ECB Single Supervisory Mechanism

On 15 October 2013, the Council of the European Union adopted Regulation (EU) No. 1024/2013 establishing a single supervisory mechanism (the "**ECB Single Supervisory Mechanism**" or "**SSM**") for all banks in the Banking Union (euro area banks and banks of any EU member state that joins the Banking Union), which have, beginning in November 2014, given the ECB, in conjunction with the national competent authorities of the Eurozone states, direct supervisory responsibility over "significant credit institutions" established in the Banking Union. The SSM framework regulation (Regulation (EU) No. 468/2014 of the ECB) setting out the practical arrangements for the SSM was published in April 2014 and entered into force in May 2014. Banks directly supervised by the ECB include any Eurozone bank that (i) has assets greater than €30 billion or – unless the total value of its assets is below €5 billion – greater than 20% of national gross domestic product;(ii) is one of the three most significant credit institutions established in a Member State; (iii) has requested, or is a recipient of, direct assistance from the European Financial Stability Facility or the European Stability Mechanism; (iv) is considered by the ECB to be of significant relevance where it has established banking subsidiaries in more than one participating Member State and its cross-border

assets/liabilities represent a significant part of its total assets/liabilities. Notwithstanding the fulfilment of these criteria, the SSM may declare an institution significant to ensure the consistent application of high-quality supervisory standards.

The ECB is also exclusively responsible for key tasks concerning the prudential supervision of credit institutions, which includes, inter alia, the power to: (i) authorise and withdraw the authorisation of all credit institutions in the Euro-zone; (ii) assess acquisition and disposal of holdings in other banks; (iii) ensure compliance with all prudential requirements laid down in general EU banking rules; (iv) set, where necessary, higher prudential requirements for certain banks to protect financial stability under the conditions provided by EU law; (v) ensure compliance with robust corporate governance practices and internal capital adequacy assessment controls; and (vi) intervene at the early stages when risks to the viability of a bank exist, in coordination with the relevant resolution authorities. The ECB also has the right to impose pecuniary sanctions.

National competent authorities will continue to be responsible for supervisory matters not conferred on the ECB, such as consumer protection, money laundering, payment services, and branches of third country banks, besides supporting ECB in day-to-day supervision. In order to foster consistency and efficiency of supervisory practices across the Euro-zone, the EBA is developing a single supervisory handbook applicable to EU Member States.

The Issuer is a "significant supervised entity" subject to direct supervision by the ECB for prudential supervisory purposes. Following the SREP, the ECB has set the following requirements for 2017 that the Group has to comply with on a consolidated basis:

- a Common Equity Tier 1 ratio of 7.50 per cent.; and
- a Total Capital Ratio of 11.0 per cent.

The ECB could introduce higher prudential requirements including higher requirements on the Group capital buffer, should the ECB consider the Group's capital as inadequate.

The Group is also subject to stress tests carried out by regulators. As a consequence of such tests the Group could be required to increase its capital or to take other appropriate actions to address matters raised in the assessments.

The Issuer is subject to the provisions of the Bank Recovery and Resolution Directive

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the "**Bank Recovery and Resolution Directive**" or "**BRRD**") entered into force. It was to be applied by Member States from 1 January 2015, except for the general bail-in tool (as defined below) which was to be applied from 1 January 2016. The BRRD provides competent authorities with comprehensive arrangements to deal with failing banks at national level, as well as cooperation arrangements to tackle cross-border banking failures. The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions and investment firms considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders.

The BRRD sets out the rules for the resolution of banks and large investment firms in all EU Member States. Banks are required to prepare recovery plans to overcome financial distress. Authorities are also granted a set of powers to intervene in the operations of banks to avoid them failing. If banks do face failure, authorities are equipped with comprehensive powers and tools to restructure them,

allocating losses to shareholders and creditors following a specified hierarchy. Resolution authorities have the powers to implement plans to resolve failing banks in a way that preserves their most critical functions and avoids taxpayers having to bail them out.

The BRRD contains four resolution tools and powers which may be used alone (except for the asset separation tool) or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe and (c) a resolution action is in the public interest: (i) sale of business – which enables resolution authorities to direct the sale of the institution or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation – which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in – which gives resolution authorities the power, inter alia, to write down certain claims of unsecured creditors of a failing institution and/or to convert certain unsecured debt claims (including Senior Notes and Subordinated Notes) into shares or other instruments of ownership (i.e. shares, other instruments that confer ownership, instruments that are convertible into or give the right to acquire shares or other instruments of ownership, and instruments representing interests in shares or other instruments of ownership) (the "**General Bail-In Tool**"). Such shares or other instruments of ownership could also be subject to any future application of the BRRD. Pursuant to the BRRD, resolution authorities also have the power, inter alia, to amend or alter the maturity and/or the amount or timing of interest payable under certain debt instruments including Senior Notes and Subordinated Notes.

An institution will be considered as failing or likely to fail when: (a) it is, or is likely in the near future to be, in breach of its requirements for continuing authorization; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support (except in limited circumstances).

A Single Resolution Fund ("**SRF**") was set up under the control of the Single Resolution Board ("**SRB**"). It will ensure the availability of funding support while the bank is resolved. It is funded by contributions from the banking sector. The SRF can only contribute to resolution if at least 8 per cent. of the total liabilities and own funds of the bank have been bailed-in.

The BRRD requires all Member States to create a national, prefunded resolution fund, reaching a level of at least 1 per cent. of covered deposits within 10 years. The national resolution fund for Italy was created in November 2015 and required both ordinary and extraordinary contributions to be made by Italian banks and investment firms, including the Issuer. In the European banking union, the national resolution funds set up under the BRRD were replaced by the SRF as of 1 January 2016 and those funds will be pooled together gradually. Therefore, as of 2016, the Single Resolution Board, will calculate, in line with a Council implementing act, the annual contributions of all institutions authorised in the Member States participating in the SSM and the SRM (as defined below). The SRF is financed by the European banking sector. The total target size of the Fund will equal at least 1 per cent. of the covered deposits of all banks in Member States participating in the European banking union. The SRF is to be built up over eight years, beginning in 2016, to the target level of €55 billion (the basis being 1 per cent. of the covered deposits in the financial institutions of the European banking union). Once this target level is reached, in principle, the banks will have to

contribute only if the resources of the SRF are used up in order to deal with resolutions of other institutions.

Under the BRRD, the target level of the national resolution funds is set at national level and calculated on the basis of deposits covered by deposit guarantee schemes. Under the SRM, the target level of the SRF is European and is the sum of the covered deposits of all institutions established in the participating Member States. This results in significant variations in the contributions by the banks under the SRM as compared to the BRRD. As a consequence of this difference, when contributions will be paid based on a joint target level as of 2016, contributions of banks established in Member States with a lot of covered deposits will sometimes abruptly decrease, while contributions of those banks established in Member States with fewer covered deposits will sometimes abruptly increase. In order to prevent such abrupt changes, the draft proposal of the European Commission for a Council Implementing Act provides for an adjustment mechanism to remedy these distortions during the transitional period by way of a gradual phasing in of the SRM methodology.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools (including the General Bail-In Tool) to the maximum extent practicable whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the burden sharing requirements of the EU state aid framework and the BRRD.

As an exemption from these principles, the BRRD allows for three kinds of extraordinary public support to be provided to a solvent institution without triggering resolution: 1) a State guarantee to back liquidity facilities provided by central banks according to the central banks' conditions; 2) a State guarantee of newly issued liabilities; or 3) an injection of own funds in the form of precautionary recapitalisation. In the case of precautionary recapitalisation EU state aid rules require that shareholders and junior bond holders contribute to the costs of restructuring. All other kinds of extraordinary public support have the consequence that an institution is deemed to be failing or likely to fail, and in such a case resolution is triggered.

In addition to the General Bail-In Tool and other resolution tools, the BRRD provides for resolution authorities to have the further power to permanently write-down or convert into shares or other instruments of ownership capital instruments at the point of non-viability and before any other resolution action is taken ("**BRRD Non-Viability Loss Absorption**"). Any shares or other instruments of ownership issued upon any such conversion into shares or other instruments of ownership may in turn be subject to the application of the General Bail-in Tool.

For the purposes of the application of any Non-Viability Loss Absorption measure, the point of non-viability under the BRRD is the point at which the relevant authority determines that the institution meets the conditions for resolution (but no resolution action has yet been taken) or that the institution or, in certain circumstances, its group will no longer be viable unless the relevant capital instruments (such as Subordinated Notes) are written-down or converted or extraordinary public support is to be provided.

In the context of these resolution tools, the resolution authorities have the power to amend or alter the maturity of certain debt instruments (such as the Senior Notes and Subordinated Notes) issued by an institution under resolution or amend the amount of interest payable under such instruments, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

In Italy, the BRRD has been implemented through the adoption of two Legislative Decrees by the Italian Government, namely, Legislative Decrees No. 180/2015 and 181/2015 (together, the "**BRRD Decrees**"), both of them were published in the Italian Official Gazette (Gazzetta Ufficiale) on 16 November 2015. Legislative Decree No. 180/2015 is a stand-alone law which implements the provisions of BRRD relating to resolution actions, while Legislative Decree No. 181/2015 amends the existing Banking Law (Legislative Decree No. 385 of 1 September 1993, as amended) and deals principally with recovery plans, early intervention and changes to the creditor hierarchy. The BRRD Decrees entered into force on the date of publication on the Italian Official Gazette (i.e. 16 November 2015), save that: (i) the general bail-in tool applied from 1 January 2016; and (ii) a "depositor preference" granted for deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SME's will apply from 1 January 2019.

It is important to note that, pursuant to article 49 of Legislative Decree No. 180/2015, resolution authorities may not exercise the write down/conversion powers in relation to secured liabilities, including covered bonds or their related hedging instruments, save to the extent that these powers may be exercised in relation to any part of a secured liability (including covered bonds and their related hedging instruments) that exceeds the value of the assets, pledge, lien or collateral against which it is secured.

In addition, because (i) Article 44(2) of the BRRD excludes certain liabilities from the application of the General Bail-In Tool and (ii) the BRRD provides, at Article 44(3), that the resolution authority may, in specified exceptional circumstances, partially or fully exclude certain further liabilities from the application of the General Bail-In Tool, the BRRD specifically contemplates that pari passu ranking liabilities may be treated unequally. Accordingly, holders of Senior Notes and Subordinated Notes of a Series may be subject to write-down or conversion upon an application of the General Bail-In Tool while other Series of Senior Notes or, as appropriate, Subordinated Notes (or, in each case, other pari passu ranking liabilities) are partially or fully excluded from such application of the general bail-in tool. Furthermore, although the BRRD provides a safeguard in respect of shareholders and creditors upon application of resolution tools, Article 75 of the BRRD sets out that such protection is limited to the incurrence by shareholders or, as appropriate, creditors, of greater losses as a result of the application of the relevant tool than they would have incurred in a winding up under normal insolvency proceedings. It is therefore possible not only that the claims of other holders of junior or pari passu liabilities may have been excluded from the application of the general bail-in tool and therefore the holders of such claims receive a treatment which is more favourable than that received by holders of Senior Notes or Subordinated Notes, but also that the safeguard referred to above does not apply to ensure equal (or better) treatment compared to the holders of such fully or partially excluded claims because the safeguard is not intended to address such possible unequal treatment but rather to ensure that shareholders or creditors do not incur greater losses in a bail-in (or other application of a resolution tool) than they would have received in a winding up under normal insolvency proceedings. It should be noted also that certain categories of liability are subject to the mandatory exclusions from bail-in foreseen in Article 44(2) of the BRRD. For instance, most forms of liability for taxes, social security contributions or to employees benefit from privilege under Italian law and as such are preferred to ordinary senior unsecured creditors in the context of liquidation proceedings.

On 1 June 2016, the Commission Delegated Regulation (EU) 2016/860 of 4 February 2016 ("**Delegated Regulation (EU) 2016/860**") specifying further the circumstances where exclusion from the application of write-down or conversion powers is necessary under Article 44(3) of BRRD was published on the Official Journal of the European Union. In particular this regulation lays down rules specifying further the exceptional circumstances provided for in Article 44(3) of BRRD, where the

resolution authority may exclude, or partially exclude, certain liabilities from the application of the write down or conversion powers where the General Bail-In Tool is applied. The Delegated Regulation (EU) 2016/860 entered into force on 21 June 2016.

Also, in respect of Senior Notes, Article 108 of the BRRD requires that Member States modify their national insolvency regimes such that deposits of natural persons and micro, small and medium sized enterprises in excess of the coverage level contemplated by deposit guarantee schemes created pursuant to Directive 2014/49/EU (the "**Deposit Guarantee Schemes Directive**") have a ranking in normal insolvency proceedings which is higher than the ranking which applies to claims of ordinary, unsecured, non-preferred creditors, such as holders of Senior Notes. In addition, the BRRD does not prevent Member States, including Italy, from amending national insolvency regimes to provide other types of creditors with rankings in insolvency higher than ordinary, unsecured, non-preferred creditors. Legislative Decree No. 181/2015 has amended the creditor hierarchy in the case of admission of Italian banks and investment firms to liquidation proceedings (and therefore the hierarchy which will apply in order to assess claims pursuant to the safeguard provided for in Article 75 of the BRRD as described above), by providing that, as from 1 January 2019, all deposits other than those protected by the deposit guarantee scheme and excess deposits of individuals and SMEs (which benefit from the super-priority required under Article 108 of the BRRD) will benefit from priority over senior unsecured liabilities, though with a ranking which is lower than that provided for individual/SME deposits exceeding the coverage limit of the deposit guarantee scheme. This means that, as from 1 January 2019, significant amounts of liabilities in the form of large corporate and interbank deposits which under the national insolvency regime currently in force in Italy rank pari passu with Senior Notes, will rank higher than Senior Notes in normal insolvency proceedings and therefore that, on application of the General Bail-In Tool, such creditors will be written-down or converted into shares or other instruments of ownership only after Senior Notes. Therefore the safeguard set out in Article 75 of the BRRD (referred to above) would not provide any protection against this result since, as noted above, Article 75 of the BRRD only seeks to achieve compensation for losses incurred by creditors which are in excess of those which would have been incurred in a winding-up under normal insolvency proceedings.

Legislative Decree No. 181/2015 has also introduced strict limitations on the exercise of the statutory rights of set-off normally available under Italian insolvency laws, in effect prohibiting set-off by any creditor in the absence of an express agreement to the contrary. Since each holder of Subordinated Notes and, in circumstances where the waiver is selected as applicable in the relevant Final Terms, the holders of the Senior Notes will have expressly waived any rights of set-off, counterclaim, abatement or other similar remedy which they might otherwise have, under the laws of any jurisdiction, in respect of such Senior Notes or Subordinated Notes, it is clear that the statutory right of set-off available under Italian insolvency laws will likewise not apply.

As the BRRD has only recently been implemented in Italy and other Member States, there is material uncertainty as to the effects of any application of it in practice.

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. Holders of Senior Notes and Subordinated Notes may be subject to write-down or conversion into shares or other instruments of ownership on any application of the General Bail-In Tool and, in the case of Subordinated Notes, Non-Viability Loss Absorption, which may result in such holders losing some or all of their investment. The exercise of these, or any other power under the BRRD or any suggestion or perceived suggestion of such exercise could, therefore, materially adversely affect the rights of

Noteholders, the price or value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under any Notes.

The legislative decree intended to implement the revised Deposit Guarantee Schemes Directive in Italy – namely, Legislative Decree no. 30 of 15 February 2016 – has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which will come into force on 1 July 2018. Amongst other things, the Decree amends Consolidated Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.

The BRRD also requires institutions to meet at all time robust minimum requirements of own funds and liabilities eligible for bail-in expressed as a percentage of the total liabilities and own funds of the institution (i.e. "Minimum Requirement for Own Funds and Eligible Liabilities" – "**MREL**"). This MREL requirement should ensure that shareholders and creditors bear losses regardless of which resolution tool is applied. The resolution authority of an institution, after consultation with the relevant competent authority, will set the MREL for the institution based on the criteria to be identified by the EBA in its regulatory technical standards. In particular, the resolution authority may determine that a part of the MREL is to be met through "contractual bail-in instruments". The BRRD does not foresee an absolute minimum, but attributes the competence to set a minimum amount for each bank to national resolution authorities (for banks not being part of the Banking Union) or to the Single Resolution Board (the "**SRB**") for banks being part of the Banking Union.

On 23 May 2016, the European Commission published a delegated regulation on MREL according to Article 45, par. 18 of the BRRD, which entered into force on 23 September 2016 (Commission Delegated Regulation (EU) 2016/1450).

Furthermore, given that the TLAC and the MREL aim to achieve similar objectives, the EU Commission intends to avoid the overlapping of requirements, in particular for G-SIBs, by elaborating an integrated standard harmonising TLAC and MREL in EU, which is likely to be applied, to some extent, also to O-SIIs.

However, the EU Banking Reform contains potential amendments to the abovementioned regime.

As from 1 January 2016, the resolution authority for the Issuer is the SRB and the Issuer will be subject to the authority of the SRB for the purposes of determination of its MREL requirement.

The Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism

After having reached an agreement with the Council, in April 2014, the European Parliament adopted, Regulation (EU) No. 806/2014 establishing a Single Resolution Mechanism (the "**SRM**"). The SRM became fully operational on 1 January 2016. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities entered into force on 1 January 2015. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the SRM as part of the EU Banking Reform (see further "*Adverse regulatory developments*" above). In particular, the main objective of

such proposal is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules by avoiding duplication by applying two parallel requirements.

The SRM, which complements the ECB Single Supervisory Mechanism, applies to all banks supervised by the ECB Single Supervisory Mechanism. It mainly consists of the SRB and the SRF (as defined above).

Decision-making is centralised with the SRB, and involves the European Commission and the Council (which will have the possibility to object to the SRB's decisions) as well as the ECB and national resolution authorities.

The SRF, backs resolution decisions mainly taken by the SRB, will be divided into national compartments during an eight year transition period. Banks, starting from 2015, were required to start paying contributions (additional to the contributions to the national deposit guarantee schemes) to national resolution funds that gradually started mutualising into the SRF starting from 2016.

The establishment of the SRM is designed to ensure that supervision and resolution is exercised at the same level for countries that share the supervision of banks within the SSM.

The participating banks are required to finance the SRF. The Issuer is therefore required to pay contributions to the SRM in addition to contributions to the national deposit guarantee scheme. The manner in which the SRM will operate is still evolving, so there remains some uncertainty as to how the SRM will affect the Group once implemented and fully operational.

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

The current long- and short-term counterparty credit ratings of the Issuer are, respectively, "BBB-" from Fitch, "Baa2" from Moody's, "BBB-" from S&P, "BBB (high)" from DBRS and "F3" from Fitch, "Prime-2" from Moody's, "A-3" from S&P and "R-1 (low)" from DBRS, as further described under "UBI Banca and the UBI Banca Group – Ratings". Fitch, Moody's, S&P and DBRS are established in the European Union and are registered under the CRA Regulation. 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 and, as a consequence, on the rating of the Notes.

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

Risks related to the structure of a particular issue of Notes

Notes subject to optional redemption by the Issuer

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

redemption period, or during any period where there is an actual or perceived increased likelihood that the Notes may be redeemed (including where there are circumstances giving rise to a right to redeem for tax or regulatory reasons). An investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Subordinated Notes subject to redemption for regulatory reasons

The intention of the Issuer is for Subordinated Notes to qualify on issue as Tier 2 capital for regulatory capital purposes. Although it is the Issuer's expectation that the Subordinated Notes qualify on issue as Tier 2 capital, there can be no representation that this is or will remain the case during the life of the Subordinated Notes.

If Regulatory Call is specified as applicable in the Final Terms, upon the occurrence of a Capital Event (as defined in Condition 5(e)) (*Redemption, Purchase and Options – Redemption for Regulatory Reasons*), the Issuer may (subject to the provisions of Condition 5(j)) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*), elect to redeem the Subordinated Notes. In the event of a redemption for regulatory reasons, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Subordinated Notes being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

See also "*Notes subject to optional redemption by the Issuer*".

Notes subject to redemption for tax reasons

The Issuer may, at its option, redeem Notes for tax reasons in the circumstances described in, and in accordance with, Condition 5(d) *(Redemption for taxation reasons*) (subject to the provisions of Condition 5(j)) (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*). In the event of a redemption for tax reasons, there can be no assurance that an investor will be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed. Potential investors should consider reinvestment risk in light of other investments available at that time.

See also "*Notes subject to optional redemption by the Issuer*".

Fixed Rate Notes

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

Inverse Floating Rate Notes

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

an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Notes to which Condition 4(f) (*Interest and other calculations – Change of Interest Basis*) applies 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 in, and the market value of, such Notes since the Issuer may be expected to convert the rate when it is likely to result in a lower overall cost of borrowing for the Issuer. If the Issuer converts from a fixed rate to a floating rate, the spread on such Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of the Reset Notes

Reset Notes will initially bear interest at the Initial Rate of Interest from and including the Interest Commencement Date up to but excluding the First Reset Date. On the First Reset Date, the Second Reset Date (if applicable) and each Subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Mid-Swap Rate and the First Margin or Subsequent Margin (as applicable) as determined by the Calculation Agent on the relevant Reset Determination Date (each such interest rate, a "**Subsequent Reset Rate of Interest**"). The Subsequent Reset Rate of Interest for any Reset Period could be less than the Initial Rate of Interest or the Subsequent Reset Rate of Interest for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

Conflicts of interest between the Calculation Agent and Noteholders

Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as Calculation Agent), including with respect to certain determinations and judgements that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

Notes issued at a substantial discount or premium

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

The Issuer's obligations under Subordinated Notes are subordinated

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to any direct, unconditional, unsecured and unsubordinated indebtedness or payment obligations (or indebtedness or obligations which are subordinated but to a lesser degree than the obligations under the relevant Subordinated Notes) of the Issuer for money borrowed or raised or guaranteed by the Issuer and any indebtedness or mandatory payment obligations preferred by the laws of the Republic of Italy. Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the Issuer become insolvent. In addition, except where the Issuer is wound up or dissolved, holders of Subordinated Notes are not entitled to accelerate the maturity of their Subordinated Notes.

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

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

Uncertainty surrounding the UK's membership of the European Union

On 23 June 2016, the UK held a referendum to decide on the UK's membership of the European Union. The UK vote was to leave the European Union and the UK Government invoked article 50 of the Lisbon Treaty relating to withdrawal on 29 March 2017. Under article 50, the Treaty on the European Union and the Treaty on the Functioning of the European Union cease to apply in the relevant state from the date of entry into force of a withdrawal agreement, or, failing that, two years after the notification of intention to withdraw, although this period may be extended in certain circumstances. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Issuer. As such, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes and/or the market value and/or the liquidity of the Notes in the secondary market.Risks related to Notes generally.

Modification, waivers and substitution

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

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

in the circumstances described in Condition 10 (*Meetings of Noteholders, Modification, Waiver and Substitution*), of the Terms and Conditions of the Notes.

Change of law

Except for Condition 3(b) (*Status of the Notes – Subordinated Notes*) (which is governed by Italian law), the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of issue of the relevant Notes.

Integral multiples of less than Euro 100,000

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

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

Waiver of set-off

In Condition 3(a) (*Status of the Notes – Senior Notes*) each holder of a Senior Note will unconditionally and irrevocably waive any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Note.

In Condition 3(b) (*Status of the Notes – Subordinated Notes*) each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.

In respect of any Notes issued with a specific use of proceeds, such as a 'Green Bond', there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The applicable Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes ("**Green Projects**"). Prospective investors should have regard to the information in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future

investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Projects). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green" or "sustainable" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green" or "sustainable" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "green", "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects. As at the date of this Base Prospectus, the Issuer has not published a framework relating to an investment in Green Projects although the Issuer intends to publish such framework prior to the issuance of any Notes which specify that the relevant proceeds will be used for Green Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Notes and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green Projects. Nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure by the Issuer will not constitute an Event of Default under the Notes. Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Risks related to the market generally

The secondary market generally

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

Exchange rate risks and exchange controls

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

(a) the audited consolidated financial statements of UBI Banca as at and for the financial year ended 31 December 2015, together with the audit report thereon;

http://www.ubibanca.it/contenuti/RigAlle/2015_Consolidated%20financial%20statements%20and%20notes%20to%20the%20cons%20accounts%20of%20UBI%20BancaSpa.pdf;

(b) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2016, together with the audit report thereon;

http://www.ubibanca.it/contenuti/RigAlle/2016_Consolidated%20Report%20of%20UBI%20Banca%20Group_FINAL%20version.pdf;

(c) the unaudited consolidated quarterly financial statements of UBI Banca as at and for the three months ended 31 March 2017;

http://www.ubibanca.it/contenuti/RigAlle/UBI_2017_5_13_00%20Bilancio%20marzo%202017_ENG%20Final1.pdf

and

(d) the Terms and Conditions set out in the base prospectus dated 28 July 2016 relating to the Programme

http://www.ubibanca.it/contenuti/RigAlle/UBI_EMTN_Prospectus_FINAL%20v14.pdf

Items (a) to (d) above are contained in the UBI Banca Report and Accounts 2015, the UBI Banca Report and Accounts 2016, the UBI Banca Quarterly Financial Report at 31 March 2017 and the prospectus dated 28 July 2016 relating to the Programme, respectively, at the pages set out in the cross reference tables below.

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

Copies of documents containing information incorporated by reference in this Base Prospectus may be obtained from the registered office of the Issuer and the Issuer's website following the links above. The consolidated financial statements referred to above, together (where applicable) with the audit reports thereon, are available both in the Italian language original and in English. The English language versions represent a direct translation from the Italian language documents. In the event that there are any inconsistencies or discrepancies between the Italian language versions and the

English translations thereof, the original Italian language versions shall prevail. For ease of reference, the table below sets out the relevant page references for the information contained in the financial statements referred to above, which is incorporated in and forms part of this Base Prospectus. Any information not listed in the cross reference table below but included in the publication in which information incorporated by reference appears, does not form part of this Base Prospectus as it is either not relevant for prospective investors in the Notes or is covered elsewhere in this Base Prospectus. Any websites referred to herein do not form part of this Base Prospectus.

Audited consolidated financial statements of UBI Banca as at and for the year ended 31 December 2016

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Prospectus dated 28 July 2016

SUPPLEMENTARY PROSPECTUSES

If at any time the Issuer shall be required to prepare a supplement to this Base Prospectus pursuant to Article 16 of the Prospectus Directive, the Issuer will prepare and make available an appropriate supplement to this Base Prospectus as required by the Central Bank and Article 16 of the Prospectus Directive.

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

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by the Amended and Restated Trust Deed dated 27 July 2017 (as further amended, restated or supplemented from time to time, the "**Trust Deed**") between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Amended and Restated Agency Agreement dated 27 July 2017 (as further amended, restated or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes among the Issuer, the Trustee, Citibank, N.A., London branch as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the other paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Issuing and Paying Agent**", the "**Paying Agents**" (which expression shall include the Issuing and Paying Agent), the "**Registrar**", the "**Transfer Agents**" (which expression shall include the Registrar) and the "**Calculation Agent(s)**". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the office of the Trustee (at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified offices of the Paying Agents and the Transfer Agents.

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

1 Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("**Registered Notes**") or in bearer form

exchangeable for Registered Notes ("**Exchangeable Bearer Notes**") in each case in the Specified Denomination(s) shown hereon, provided that the minimum Specified Denomination shall be Euro 100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

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

This Note is a Fixed Rate Note, a Reset Note, a Floating Rate Note, an Inverse Floating Rate Note or a Zero Coupon Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

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

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

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

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) *Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2*(f)*, Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any

Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6*(b) (Payments and Talons – Registered Notes)*) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) *Transfer of Registered Notes*

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

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

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

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

(d) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Conditions 2*(a)*, *(b)* or *(c)* shall be available for delivery within three business days of receipt of the request for exchange, form of transferor Exercise Notice as defined in Condition 5*(g)* (*Redemption, Purchase and Options* –

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

(e) *Exchange Free of Charge*

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

(f) *Closed Periods*

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

3 Status of the Notes

(a) *Senior Notes*

This Condition 3*(a)* is applicable in relation to Notes specified hereon as being Senior Notes. The Senior Notes and the Coupons relating to them constitute unsecured and unsubordinated obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Senior Notes and the Coupons relating to them shall at all times rank at least equally with all other

unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, subject to any applicable legislation that permits or requires certain such indebtedness or obligations to rank either junior or senior to the Senior Notes.

Each holder of a Senior Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Senior Note.

(b) *Subordinated Notes*

This Condition 3(b) is applicable in relation to Notes specified hereon as being Subordinated Notes. The Subordinated Notes and the Coupons relating to them constitute unsecured obligations of UBI Banca and rank *pari passu* and without any preference among themselves and otherwise in accordance with the paragraph immediately below. UBI Banca has covenanted in the Trust Deed, in relation to each Series of Subordinated Notes, that it will treat all Subordinated Notes of such Series equally among themselves and that all amounts paid by UBI Banca in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.

In the event of the bankruptcy, dissolution, liquidation or winding up of UBI Banca (including *Liquidazione Volontaria* or an order for *Liquidazione Coatta Amministrativa*), the payment obligations of UBI Banca under the Subordinated Notes and the Coupons relating to them shall rank in right of payment in priority to those subordinated obligations expressed by their terms to rank lower than Subordinated Notes and the payment obligations of UBI Banca under the Subordinated Notes and the Coupons relating to them shall rank in right of payment after unsubordinated, unsecured creditors (including depositors) of UBI Banca and any subordinated obligations of UBI Banca that rank or are expressed by their terms to rank senior to Subordinated Notes but *pari passu* with all other present and future subordinated obligations of UBI Banca that are not expressed by their terms to rank or which do not rank junior or senior to the Subordinated Notes and in priority to the claims of shareholders of UBI Banca.

Each holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, netting, counterclaim, abatement or other similar remedy which it might otherwise have under the laws of any jurisdiction in respect of such Subordinated Note.

4 Interest and other calculations

(a) *Definitions*

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

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

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

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "**TARGET Business Day**"); and/or

(iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centres or, if no currency is indicated, generally in each of the Business Centres so specified.

"**Change of Interest Basis**" means, if applicable, the change of Interest Basis of the Notes as specified in the relevant Final Terms and in accordance with the provisions set out in Condition 4(*f*) (*Interest and other calculations – Change of Interest Basis*).

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

(i) if "**Actual/Actual**" or "**Actual/Actual – ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "**Actual/365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "**Actual/365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - YM_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D_1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

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

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

where:

"Y_1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

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

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

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

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

(viii) if "**Actual/Actual – ICMA**" is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Periods normally ending in any year

where:

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

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

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

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

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

"**Interest Amount**" means

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

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

"**Interest Basis**" means (i) with respect to Notes to which Condition 4(b) (*Rate of Interest and Accrual on Fixed Rate Notes*) applies, the Fixed Rate specified in the applicable Final Terms; (ii) with respect to Notes to which Condition 4(c) (*Interest on Reset Notes*) applies, the Reset Rate specified in the applicable Final Terms; (iii) with respect to Notes to which Condition 4(d) (*Interest on Floating Rate Notes and Inverse Floating Rate Notes*) and 4(e) (*Rate of Interest for Floating Rate Notes and Inverse Floating Rate Notes*) apply, the Floating Rate or the Inverse Floating Rate specified in the applicable Final Terms; and (iv) with respect to Notes to which Condition 4(g) (*Zero Coupon Notes*) applies, the Notes shall be specified to be Zero Coupon in the applicable Final Terms.

"**Interest Commencement Date**" means the date of issue of the Notes (the "**Issue Date**") or such other date as may be specified hereon.

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

"**Interest Payment Date**" means the date on which Interest in respect of the Notes is payable, as specified hereon.

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

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon.

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

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

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

"**Reference Rate**" means EURIBOR or LIBOR, as specified in the relevant Final Terms in respect of the currency and period specified in the relevant Final Terms.

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

"**Specified Currency**" means the currency specified hereon or, if none is so specified, the currency in which the Notes are denominated.

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

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

(b) *Rate of Interest and Accrual on Fixed Rate Notes*

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

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

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

(c) *Interest on Reset Notes*

(i) Rates of Interest and Interest Payment Dates

Each Reset Note bears interest:

(a) from (and including) the Interest Commencement Date until (but excluding) the First Reset Date at the Initial Rate of Interest;

(b) from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date at the rate per annum equal to the First Reset Rate of Interest; and

(c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

payable, in each case, in arrear on the each Interest Payment Date and on the Maturity Date if that does not fall on an Interest Payment Date. The Rate of Interest and the Interest Amount payable shall be determined by the Calculation Agent, (A) in the case of the Rate of Interest, at or as soon as practicable after each time at which the Rate of Interest is to be determined, and (B) in the case of the Interest Amount in accordance with the provisions for calculating amounts of interest in Condition 4*(b)*.

For the purposes of the Conditions:

"**First Margin**" means the margin specified as such in the applicable Final Terms;

"**First Reset Date**" means the date specified in the applicable Final Terms;

"**First Reset Period**" means the period from (and including) the First Reset Date until (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms, the Maturity Date;

"**First Reset Rate of Interest**" means, in respect of the First Reset Period and subject to Condition 4*(c)(ii)*, the rate of interest determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the First Margin;

"**Initial Rate of Interest**" has the meaning specified in the applicable Final Terms;

"**Mid-Market Swap Rate**" means for any Reset Period the mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

"**Mid-Market Swap Rate Quotation**" means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

"**Mid-Swap Floating Leg Benchmark Rate**" means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro;

"**Mid-Swap Rate**" means, in relation to a Reset Determination Date and subject to Condition 4*(c)(ii)*, either:

(a) if Single Mid-Swap Rate is specified in the applicable Final Terms, the rate for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appears on the Relevant Screen Page; or

(b) if Mean Mid-Swap Rate is specified in the applicable Final Terms, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(A) with a term equal to the relevant Reset Period; and

(B) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date, all as determined by the Calculation Agent;

"**Rate of Interest**" means the Initial Rate of Interest, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest, as applicable;

"**Reset Date**" means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

"**Reset Determination Date**" means, in respect of the First Reset Period, the second Business Day prior to the First Reset Date, in respect of the first Subsequent Reset Period, the second Business Day prior to the Second Reset Date and, in respect of each Subsequent Reset Period thereafter, the second Business Day prior to the first day of each such Subsequent Reset Period;

"**Reset Period**" means the First Reset Period or a Subsequent Reset Period, as the case may be;

"**Second Reset Date**" means the date specified in the applicable Final Terms;

"**Subsequent Margin**" means the margin specified as such in the applicable Final Terms;

"**Subsequent Reset Date**" means the date or dates specified in the applicable Final Terms;

"**Subsequent Reset Period**" means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date; and

"**Subsequent Reset Rate of Interest**" means, in respect of any Subsequent Reset Period and subject to Condition 4*(c)(ii)*, the rate of interest determined by the Calculation

Agent on the relevant Reset Determination Date as the sum of the relevant Mid-Swap Rate and the relevant Subsequent Margin.

(ii) Fallbacks

If on any Reset Determination Date the Relevant Screen Page is not available or the Mid-Swap Rate does not appear on the Relevant Screen Page, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately 11.00 a.m. in the principal financial centre of the Specified Currency on the Reset Determination Date in question.

If two or more of the Reference Banks provide the Calculation Agent with Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period shall be the sum of the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant Mid-Market Swap Rate Quotations and the First Margin or Subsequent Margin (as applicable), all as determined by the Calculation Agent.

If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this paragraph, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) shall be determined to be the Rate of Interest as at the last preceding Reset Date or, in the case of the first Reset Determination Date, the First Reset Rate of Interest shall be the Initial Rate of Interest.

For the purposes of this Condition 4*(c)(ii)* "**Reference Banks**" means the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Mid-Swap Rate as selected by the Issuer on the advice of an investment bank of international repute.

(d) *Interest on Floating Rate Notes and Inverse Floating Rate Notes*

(i) Interest Payment Dates

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

after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

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

(e) *Rate of Interest for Floating Rate Notes and Inverse Floating Rate Notes*

(i) Floating Rate Notes

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

(A) ISDA Determination for Floating Rate Notes

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

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

(B) Screen Rate Determination for Floating Rate Notes

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

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

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

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

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

(C) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating

Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period, provided however, that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(ii) Inverse Floating Rate Notes

The Rate of Interest in respect of Inverse Floating Rate Notes for each Interest Accrual Period shall be determined as follows:

Rate of Interest = Fixed Rate – Inverse Rate

where:

"**Fixed Rate**" has the meaning specified hereon; and

"**Inverse Rate**" means the relevant Reference Rate or ISDA Rate (as the case may be) specified hereon and calculated in accordance with the provisions of Condition 4*(e)(i)* as though references therein to "Floating Rate Notes" were to "Inverse Floating Rate Notes".

(f) *Change of Interest Basis*

If Change of Interest Basis is specified as applicable in the applicable Final Terms, the interest payable in respect of the Notes will be calculated in accordance with Condition 4(*b*) or Condition 4*(d)*, each applicable only for the relevant periods specified in the applicable Final Terms.

If Change of Interest Basis is specified as applicable in the applicable Final Terms, and Issuer's Switch Option is also specified as applicable in the applicable Final Terms, the Issuer may, on one or more occasions, as specified in the applicable Final Terms, at its option (any such option, a "**Switch Option**"), having given notice to the Noteholders in accordance with Condition 15 (*Notices*) and delivering such notice to the Paying Agent and the Calculation Agent on or prior to the relevant Switch Option Expiry Date, change the Interest Basis of the Notes from Fixed Rate to Floating Rate or Floating Rate to Fixed Rate or as otherwise specified in the applicable Final Terms with effect from (and including) the Switch Option

Effective Date specified in the applicable Final Terms to (but excluding) the Maturity Date (or, where more than one Switch Option Effective Date is specified in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date), provided that (A) the Switch Option may be exercised only in respect of all the outstanding Notes, (B) upon exercise of a Switch Option, the Interest Basis change will be effective from (and including) the relevant Switch Option Effective Date until the Maturity Date (or, where more than one Switch Option Effective Date is specified as applicable in the applicable Final Terms, up to and excluding the next following Switch Option Effective Date to the extent the related Switch Option is exercised), and (C) where a Switch Option has not been exercised prior to the relevant Switch Option Expiry Date, the Issuer shall no longer be entitled to exercise such Switch Option and the Interest Basis shall not change.

"**Switch Option Expiry Date**" and "**Switch Option Effective Date**" shall mean any date specified as such in the applicable Final Terms provided that any date specified in the applicable Final Terms as a Switch Option Effective Date shall be deemed as such subject to the exercise of the relevant Switch Option having been notified by the Issuer pursuant to this Condition and in accordance with Condition 15 (*Notices*) prior to the relevant Switch Option Expiry Date.

(g) *Zero Coupon Notes*

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

(h) *Accrual of Interest*

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

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

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods, or (z) in relation to one or more Reset Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods or Reset Periods, in the case of (y) or (z), calculated, in each case, in accordance with Condition 4*(b)* or Condition 4(*c*) above by adding (if a

positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.

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

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Japanese yen, which shall be rounded down to the nearest Japanese yen. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(j) *Calculations*

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

(k) *Determination and publication of Rates of Interest, Interest Amounts, First Reset Date of Interest, Subsequent Reset Rate of Interest and Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

(i) The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, including, in respect of Reset Notes, the calculation of the First Rate of Interest, any Subsequent Reset Rate of Interest and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate, in

respect of Reset Notes, the First Reset Rate of Interest, any Subsequent Reset Rate of Interest, and, in respect of a Reset Period, the Interest Amount payable on each Interest Payment Date falling in such Reset Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the rules of any stock exchange on which the Notes are listed or the rules of any other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, (including in respect of the calculation of the First Reset Rate of Interest and in respect of a Reset Period, the calculation of the Interest Amount payable on each Interest Payment Date falling in such Reset Period), the fourth Business Day after such determination.

(ii) Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4*(d)(ii)*, the Interest Amount and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires.

(iii) The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(l) *Determination or calculation by Trustee*

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Period, any Interest Amount, any First Reset Rate of Interest or Subsequent Reset Rate of Interest in the case of any Reset Notes or any Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall

be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(m) *Calculation Agent*

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption or Optional Redemption Amount as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Redemption, Purchase and Options

(a) *Final Redemption*

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount in the relevant Specified Currency.

(b) *Early Redemption of Zero Coupon Notes*

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5*(d) (Redemption, Purchase and Options – Redemption for Taxation Reasons)*, Condition 5*(e) (Redemption, Purchase and Options – Redemption for Regulatory Reasons),* or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would

produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

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

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

(c) *Early Redemption of Other Notes*

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

(d) *Redemption for Taxation Reasons*

The Notes may be redeemed at the option of the Issuer in whole, but not in part, (subject to the provisions of Condition 5*(j)* (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*) in the case of Subordinated Notes) on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inverse Floating Rate Note), or at any time (if this Note is neither a Floating Rate Note nor an Inverse Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount as described in Conditions 5*(b)* and 5*(c)* above (together, if appropriate, with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer satisfies the Trustee immediately before the giving of such notice that it has or will become obliged to pay additional amounts as

described under Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition 5*(d)*, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above, in which event it shall be conclusive and binding on Noteholders and Couponholders.

(e) *Redemption for Regulatory Reasons*

If Regulatory Call is specified hereon, upon the occurrence of a Capital Event, the Issuer may (subject to the provisions of Condition 5*(j)* (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*)), on any Interest Payment Date (if this Note is either a Floating Rate Note or an Inverse Floating Rate Note), or at any time (if this Note is neither a Floating Rate Note nor an Inverse Floating Rate Note), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all (but not some only) of the Notes then outstanding at any time at their Early Redemption Amount as described in Conditions 5*(b)* and 5*(c)* above together (if appropriate) with interest accrued to (but excluding) the date fixed for redemption.

For the purpose of the Conditions:

a "**Capital Event**" is deemed to have occurred if, as a result of any amendment to, or change in, the Relevant Regulations which are in effect at the Issue Date, the Notes are or are likely to be fully or partially excluded from the Tier 2 Capital of the Issuer and/or the Group;

"**Competent Authority**" means the European Central Bank in conjunction with the national competent authority, the Bank of Italy and/or any successor or replacement entity to either, or other authority having primary responsibility for the prudential oversight and supervision of the Issuer;

"**Group**" means the Issuer and its consolidated subsidiaries;

"**Relevant Regulations**" means (1) the capital adequacy requirements of the Competent Authority or (2) any other regulation, directive or other binding rules, standards or decisions

adopted by the institutions of the European Union (being (in the case of (1) or (2)) regulatory capital rules applicable to the Issuer at the relevant time); and

"**Tier 2 Capital**" has the meaning given to it by the Competent Authority from time to time.

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

If Call Option is specified hereon, the Issuer may (subject, in the case of Subordinated Notes, to the provisions of Condition 5*(j)* (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*)), on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date (subject to, in the case of Subordinated Notes, the Optional Redemption Date not being earlier than the fifth anniversary of the Issue Date). Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued, if appropriate, to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

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

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

(g) *Redemption at the Option of Noteholders*

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

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited

and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) *Purchases*

The Issuer and any of its Subsidiaries (as defined in the Trust Deed) may subject, in the case of the purchase of any Subordinated Notes, as set out below and to the provisions of Condition 5*(j)* (*Redemption, Purchase and Options – Conditions to Early Redemption and Purchase of Subordinated Notes*), purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

Subordinated Notes may only be purchased by the Issuer or any of its Subsidiaries, unless and to the extent permitted by the Relevant Regulations at the relevant time the Subordinated Notes to be purchased (a) do not exceed the lower of (i) 10 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of the relevant Series of the Subordinated Notes and (ii) 3 per cent. (or any other threshold as may be requested or required by the Competent Authority from time to time) of the aggregate nominal amount of Subordinated Notes which qualify on issue as "Tier 2 capital" for regulatory capital purposes of the Issuer from time to time outstanding and (b) are not purchased in order to be surrendered to any Paying Agent for cancellation.

(i) *Cancellation*

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries either (i) shall (subject, in the case of the cancellation of Subordinated Notes purchased by the Issuer or any of its Subsidiaries pursuant to the second paragraph of Condition 5(h) above, to the prior permission of the Competent Authority) be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and upon such surrender shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith) or (ii), if purchased in the ordinary course of a business of dealing in securities, may be resold or held by the Issuer or any such Subsidiary. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged. Any Notes so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Noteholders or for the purposes of Condition 10 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

(j) *Conditions to Early Redemption and Purchase of Subordinated Notes*

Any redemption or purchase of Subordinated Notes in accordance with Conditions 5*(d)*, *(e)*, *(f)* or *(h)* is subject to:

(iv) the Issuer giving notice to the Competent Authority and the Competent Authority granting permission to redeem or purchase the relevant Subordinated Notes (in each case to the extent, and in the manner, required by the Relevant Regulations (as defined in Condition 5*(e)(Redemption, Purchase and Options – Redemption for Regulatory Reasons)*) including Articles 77(b) and 78 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the "**CRR Regulation**");

(v) in respect of any redemption of the relevant Subordinated Notes proposed to be made prior to the fifth anniversary of the Issue Date, if and to the extent then required under the Relevant Regulations (a) in the case of redemption pursuant to Condition 5*(d) (Redemption, Purchase and Options – Redemption for Taxation Reasons)*, the Issuer having demonstrated to the satisfaction of the Competent Authority that the relevant change or amendment is material and was not reasonably foreseeable as at the Issue Date or (b) in the case of redemption pursuant to Condition 5*(e) (Redemption, Purchase and Options – Redemption for Regulatory Reasons)*, the Issuer having demonstrated to the satisfaction of the Competent Authority that the Capital Event was not reasonably foreseeable as at the Issue Date and the Competent Authority considering such Capital Event to be sufficiently certain; and

(vi) compliance by the Issuer with any alternative or additional pre-conditions to redemption or purchase, as applicable, set out in the Relevant Regulations for the time being.

6 Payments and Talons

(a) *Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 6*(f)*(v) (*Payment and Talons – Unmatured Coupons and Unexchanged Talons*) or Coupons (in the case of interest, save as specified in Condition 6*(f)*(ii) (*Payment and Talons – Unmatured Coupons and Unexchanged Talons*)), as the case may be, at the specified office of any Paying Agent outside the United

States or its possessions by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank.

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

(b) *Registered Notes*

(i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in sub-paragraph (ii) below.

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

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) *Payments Subject to Fiscal Laws*

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

(e) *Appointment of Agents*

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) such other agents as may be required by any stock exchange on which the Notes may be listed, in each case as previously approved in writing by the Trustee, and (vi) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law or agreement implementing or complying with, or introduced in order to conform to, such Directive.

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

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

(f) *Unmatured Coupons and Unexchanged Talons*

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

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

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

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

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

(g) *Talons*

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

(h) *Non-Business Days*

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

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

(ii) (in the case of a payment in Euro) which is a TARGET Business Day.

(i) *Definition of the Euro*

References in these Conditions to the Euro are to the currency which was introduced at the start of the third stage of European Economic and Monetary Union pursuant to Article 109(4) of the Treaty on the Functioning of the European Union, as amended from time to time.

7 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or by the application or official interpretation thereof. In that event, the Issuer shall pay such additional amounts in respect of principal and interest in the case of Senior Notes, or interest only in the case of Subordinated Notes, as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required The requirement to pay such additional amounts shall not apply:

(a) in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a Noteholder or Couponholder who is:

(x) entitled to avoid such deduction or withholding by making a declaration of non-residence or other similar claim for exemption; or

(y) liable to such taxes or duties by reason of his having some connection with the Republic of Italy, other than the mere holding of the Note or Coupon; or

(ii) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or

(b) in relation to any payment or deduction of any interest, premium or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, as amended from time to time; or

(c) in respect of any Note or Coupon where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 as amended from time to time; or

(d) in respect of any Note or Coupon presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

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

If the Issuer becomes subject to any taxing jurisdiction other than Italy, references in these Terms and Conditions to Italy shall be construed as references to Italy and/or such other jurisdiction. For the avoidance of doubt, the Issuer shall be entitled to withhold and deduct any amounts required to be deducted or withheld pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to (i) any regulations thereunder or official interpretations thereof, or (ii) an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or (iii) any law implementing such an intergovernmental agreement (any such withholding or deduction, a "**FATCA Withholding**"), and no person shall be required to pay any additional amounts in respect of a FATCA Withholding.

8 Prescription

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

9 Events of Default

(a) *In the case of Subordinated Notes*

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

(i) The Trustee at its discretion may, and if so requested by holders of at least one-fifth in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified to its satisfaction), give

notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount together, if appropriate, with accrued interest if the Issuer is wound-up or dissolved, or subject to any proceedings which under the laws of Italy have an analogous effect to any of the foregoing (otherwise than for the purposes of any amalgamation, liquidation, merger or reconstruction on terms previously approved by the Trustee).

(ii) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed or in relation to the Notes, *provided that* the Issuer shall not by virtue of the institution of any such proceedings, other than proceedings for the winding-up or dissolution of the Issuer or any proceedings which under the laws of Italy have an analogous effect to any of the foregoing (otherwise than for the purposes of any amalgamation, liquidation, merger or reconstruction on terms previously approved by the Trustee), be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed. The Trustee shall not in any event be bound to take any of the actions referred to in this paragraph unless (1) it shall have been so directed in writing by the holders of Notes holding at least one-fifth of the principal amount of the Notes outstanding or by an Extraordinary Resolution and (2) it shall have been indemnified to its satisfaction.

(iii) No remedy against the Issuer other than as specifically provided by this Condition 9*(a)* or in the Trust Deed shall be available to the Trustee or the Noteholders or Couponholders whether for the recovery of amounts owing in respect of the Notes under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or in relation to the Notes or otherwise.

(b) *In the case of Senior Notes*

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

(i) *Non-payment*

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

(ii) *Breach of Other Obligations*

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

(iii) *Cross-Default*

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

(iv) *Enforcement Proceedings*

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

(v) *Security Enforced*

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

(vi) *Insolvency*

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

all or any part of (or of a particular type of) the debts of the Issuer or any of its Subsidiaries; or

(vii) *Winding-up*

an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer or any of its Material Subsidiaries shall apply or petition for a winding-up or administration order in respect of itself or ceases, or through an official action of its board of Directors threatens to cease, to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders or (ii) in the case of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or

(viii) *Analogous Events*

any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; provided that in the case of each of the foregoing paragraphs (other than paragraph (i) or, in respect of the Issuer, paragraph (vi)) the Trustee (if indemnified and/or secured to its satisfaction) shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

"**Material Subsidiary**" at any time shall mean any Subsidiary of the Issuer:

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

latest relevant audited consolidated financial statements, adjusted as deemed appropriate by the Issuer; or

(ii) to which is transferred all or substantially all of the business, undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary under the provisions of this sub-paragraph (ii) upon publication of its next audited consolidated financial statements but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such audited consolidated financial statements have been published by virtue of the provisions of sub- paragraph (i) above or before, on or at any time after such date by virtue of the provisions of this sub- paragraph (ii). A report by two Directors of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on the Issuer and the Noteholders.

10 Meetings of Noteholders, Modification, Waiver and Substitution

(a) *Meetings of Noteholders*

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

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

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

(b) *Modification of the Trust Deed*

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

(c) *Substitution*

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

(d) *Entitlement of the Trustee*

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

11 Replacement of Notes, Certificates, Coupons and Talons

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

12 Further Issues

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

13 Enforcement

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

14 Indemnification of the Trustee

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

15 Notices

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

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

16 Contracts (Rights of Third Parties) Act 1999

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

17 Governing Law and Jurisdiction

(a) *Governing Law*

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

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons (including a dispute relating to any non-contractual obligations arising out of or in connection with them) and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) *Service of Process*

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

18 Statutory Loss Absorption Powers

By the acquisition of the Notes, each Noteholder acknowledges and agrees to be bound by the exercise of any Loss Absorption Power by the Relevant Resolution Authority that may result in the write-down or cancellation of all or a portion of the principal amount of, or distributions on, the Notes and/or the conversion of all or a portion of the principal amount of, or distributions on, the Notes into ordinary shares or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the Relevant Resolution Authority of such Loss Absorption Power. Each Noteholder further agrees that the rights of the Noteholders are subject to, and will be varied if necessary so as to give effect to, the exercise of any Loss Absorption Power by the Relevant Resolution Authority.

Upon the Issuer being informed and notified by the Relevant Resolution Authority of the actual exercise of the date from which the Loss Absorption Power is effective with respect to the Notes, the Issuer shall notify the Noteholders without delay. Any delay or failure by the Issuer to give notice shall not affect the validity and enforceability of the Loss Absorption Power nor the effects on the Notes described in this clause.

The exercise of the Loss Absorption Power by the Relevant Resolution Authority with respect to the Notes shall not constitute and Event of Default and the terms and conditions of the Notes shall

continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes subject to any modification of the amount of distributions payable to reflect the reduction of the principal amount, and any further modification of the terms that the Relevant Resolution Authority may decide in accordance with applicable laws and regulations relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Loss Absorption Power to the Notes.

As used in these Conditions:

"**BRRD**" means Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended or replaced from time to time;

"**Group Entity**" means the Issuer or any legal person that is part of the Group;

"**Loss Absorption Power**" means any statutory write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or Group Entities incorporated in the relevant Member State in effect and applicable in the relevant Member State to the Issuer or other Group Entities, including (but not limited to) any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any Group Entities can be reduced, cancelled and/or converted into shares or obligations of the obligor or any other person;

"**Relevant Resolution Authority**" means the Italian resolution authority, the Single Resolution Board (**SRB**) established pursuant to the SRM Regulation and/or any other authority entitled to exercise or participate in the exercise of any Resolution Power or Loss Absorption Power from time to time;

"**Resolution Power**" means any statutory write-down, transfer and/or conversion power existing from time to time under any laws regulations, rules or requirements relating to the resolution of the Issuer or any other entities of the Group, including but not limited to any laws, regulations, rules or requirements implementing the BRRD and/or the SRM Regulation; and

"**SRM Regulation"** means Regulation (EU) No 806/2014 of the European Parliament and Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010, as amended or replaced from time to time.

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USE OF PROCEEDS

The net proceeds of the sale of each Tranche of Notes will be used by the Issuer, as indicated in the applicable Final Terms relating to the relevant Tranche of Notes, either:

a. for general funding purposes and to improve the regulatory capital structure of the UBI Banca Group; or

b. to finance or refinance, in whole or in part, Eligible Green Projects.

According to the definition criteria set out by the International Capital Market Association ("**ICMA**") Green Bond Principles ("**GBP**"), only Tranches of Notes financing or refinancing Eligible Green Projects (above mentioned at (b)) will be denominated "Green Bonds".

In case of project divestment, an amount equal to the net proceeds of the "Green Bonds" will be used to finance or refinance other Eligible Green Projects.

Eligible Green Projects have been defined in accordance with the broad categorisation of eligibility for Green Projects set out by the ICMA GBP.

For the purposes of this section:

"**Eligible Green Projects**" means Renewable Energy Projects and Transmission, Distribution and Smart Grid Projects or Other Projects which meet a set of environmental and social criteria, which prior to the relevant Issue Date will be (i) approved both by the relevant Issuer and, where applicable, the Guarantor and by a reputed sustainability rating agency, and (ii) made available on UBI Banca's website (www.ubibanca.com) in the investor relations section.

"**Other Projects**" means any projects which meet a set of environmental and social criteria, which prior to the relevant Issue Date will be (i) approved both by the relevant Issuer and, where applicable, the Guarantor and by a reputed sustainability rating agency, and (ii) made available on UBI Banca's website (www.ubibanca.com) in the investor relations section and may include, inter alia:

(a) Clean Transportation Projects which consist in financing or refinancing of, or investments in the electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions,

(b) Green Buildings which consist in financing or refinancing of, or investments in the renovation of existing buildings and efficiency improvements; and

(c) Decarbonising Technologies which consist in financing or refinancing of, or investments in the capture and storage of CO2 emissions.

"**Renewable Energy Projects**" means the financing or refinancing of, or investments in the development, the construction, repowering and the installation of renewable energy production units for the production of energy through: (i) renewable non-fossil sources and (ii) hydro, geothermal, wind, solar, waves and other renewable energy sources. Energy production units include small-scale energy generation systems and utility scale or centralised power generation systems.

"**Transmission, Distribution and Smart Grid Projects**" means the financing or refinancing of, or investments in the building, the operation and the maintenance of electric power distribution, transmission networks and smart metering systems, that contribute to: (i) connecting renewable energy production units to the general network and (ii) improving networks in terms of demand-size management, energy efficiency and access to electricity.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

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

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

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

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

Relationship of Accountholders with Clearing Systems

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

Exchange

1 Temporary Global Notes

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

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

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

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

In relation to any issue of Notes which are represented by a Temporary Global Note which is expressed to be exchangeable for definitive Bearer Notes at the option of Noteholders, such Notes shall be tradable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

2 Permanent Global Notes

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

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

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

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

3 Permanent Global Certificates

If the Final Terms state that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2*(b) (Exchange of Exchangeable Bearer Notes and Transfers of Registered Notes –Transfer of Registered Notes)* may only be made in part:

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

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

3.3 with the consent of the Issuer,

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

4 Partial Exchange of Permanent Global Notes

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

5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Base Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent

Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6 Exchange Date

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

Amendment to Conditions

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

1 Payments

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

All payments in respect of Notes represented by a Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment,

where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

2 Prescription

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

3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit for the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4 Cancellation

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

5 Purchase

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

6 Issuer's Option

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

7 Noteholders' Options

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

8 NGN Nominal Amount

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

9 Trustee's Powers

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

10 Notices

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

11 Electronic Consent and Written Resolution

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes

outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which a special quorum (as provided for in the Trust Deed) was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The following tables present:

(i) the audited consolidated balance sheet and income statement information of the Issuer as approved by the Issuer's Supervisory Board as at and for the years ended 31 December 2015 and 31 December 2016; and

(ii) the unaudited consolidated interim balance sheet and income statement information of the Issuer as at and for the three month period ended 31 March 2017,

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 thousands of euro unless otherwise stated.

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

Consolidated Balance Sheet

	As at 31 December	
	2016	**2015**
Assets	*(Figures in thousands of euro)*	
Cash and cash equivalents	519,357	530,098
Financial assets held for trading	729,616	994,478
Financial assets designated at fair value	188,449	196,034
Available-for-sale financial assets	9,613,833	15,554,282
Held-to-maturity investments	7,327,544	3,494,547
Loans and advances to banks	3,719,548	3,429,937
Loans and advances to customers	81,854,280	84,586,200
Hedging derivatives	461,767	594,685
Fair value change in hedged financial assets (+/-)	23,963	59,994
Equity investments	254,364	260,812
Property, plant and equipment	1,648,347	1,744,463
Intangible assets	1,695,973	1,757,468
of which:		
- goodwill	*1,465,260*	*1,465,260*
Tax assets:	3,044,044	2,814,933
a) current	435,128	605,770
b) deferred	2,608,916	2,209,163
- of which pursuant to Law n. 214/2011	*1,956,572*	*1,966,054*
Non-current assets and disposal groups held for sale	5,681	11,148
Other assets	1,297,151	1,171,686
Total Assets	**112,383,917**	**117,200,765**

	As at 31 December	
	2016	**2015**
Liabilities and equity	*(Figures in thousands of euro)*	
Due to banks	14,131,928	10,454,303
Due to customers	56,226,416	55,264,471
Debt securities issued	28,939,597	36,247,928
Financial liabilities held for trading	800,038	531,812
Hedging derivatives	239,529	749,725
Tax liabilities:	232,866	472,564
a) current	59,817	171,620
b) deferred	173,049	300,944
Other liabilities	1,962,806	2,354,617
Post employment benefits	332,006	340,954
Provisions for risks and charges:	457,126	266,628
a) pension and similar obligations	70,361	70,237
b) other provisions	386,765	196,391
Valuation reserves	(73,950)	260,848
Reserves	3,664,366	3,556,603
Share premiums	3,798,430	3,798,430
Share capital	2,440,751	2,254,371
Treasury shares	(9,869)	(5,155)
Non-controlling interests (+/-)	72,027	535,901
Profit (loss) for the year (+/-)	(830,150)	116,765
Total Liabilities and Equity	**112,383,917**	**117,200,765**

Consolidated Income Statement

	Year ended 31 December	
	2016	**2015**
	Figures in thousands of euro	
Interest and similar income	2,161,121	2,509,201
Interest expense and similar	(663,230)	(878,146)
Net interest income	**1,497,891**	**1,631,055**
Fee and commission income	1,508,992	1,488,853
Fee and commission expense	(173,959)	(188,734)
Net fee and commission income	**1,335,033**	**1,300,119**
Dividends and similar income	9,678	10,349
Net trading income (loss)	69,947	63,919
Net hedging income (loss)	415	10,968
Income (losses) from disposal or repurchase of:	91,770	211,390
a) loans	(31,482)	(34,527)
b) available-for-sale financial assets	149,014	262,251
d) financial liabilities	(25,762)	(16,334)
Net income (loss) on financial assets and liabilities designated at fair value	(8,421)	4,356
Gross income	**2,996,313**	**3,232,156**
Net impairment losses on:	(1,695,584)	(819,512)
a) loans	(1,565,527)	(802,646)
b) available-for-sale financial assets	(111,643)	(18,290)
d) other financial transactions	(18,414)	1,424
Net financial income	**1,300,729**	**2,412,644**
Net income from banking and insurance operations	**1,300,729**	**2,412,644**
Administrative expenses	(2,570,182)	(2,340,247)
a) staff costs	(1,599,717)	(1,391,732)
b) other administrative expenses	(970,465)	(948,515)
Net provisions for risks and charges	(42,885)	(2,975)
Net impairment losses on property, plant and equipment	(80,823)	(88,096)
Net impairment losses on intangible assets	(125,197)	(66,523)
Other net operating income/(expense)	306,541	321,441
Operating expenses	**(2,512,546)**	**(2,176,400)**
Profits of equity investments	24,136	35,516
Net impairment losses on goodwill	-	-
Profits on disposal of investments	22,969	208
Pre-tax profit (loss) from continuing operations	**(1,164,712)**	**271,968**
Taxes on income for the year from continuing operations	319,619	(127,502)
Post-tax profit (loss) from continuing operations	**(845,093)**	**144,466**
Profit (loss) for the year	**(845,093)**	**144,466**
Profit (loss) for the year attributable to non-controlling interests	14,943	(27,701)
Profit (loss) for the year attributable to the Parent	**(830,150)**	**116,765**

Defaulted and problem loans

The classification of the problem loan portfolio complies with the official regulations and can be summarised as follows:

- "unlikely to pay" loans (*inadempienze probabili, previously termed "impaired" and "restructured" loans*);

- bad loans (*crediti in sofferenza, previously termed "non performing loans"*);
- loans past due and/or continously in arrears (*esposizioni scadute e/o sconfinanti*); and
- unguaranteed loans to countries at risk *(crediti soggetti a rischio paese*).

"Unlikely to pay" loans

These portfolio of loans includes both positions for which it is considered that the temporary situation of objective difficulty can be overcome in a very short period of time and positions for which, on the contrary, it is felt best to disengage from the account with credit recovery out of court over a longer period of time.

Bad loans

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

Past due Loans

Loans past due include loans in respect of which both of the following conditions apply:

(i) repayment is in arrears for more than 90 continuous days;[i] and

(ii) other than in the case of loans secured by real estate, repayment is in arrears for an amount equal to or higher than 5 per cent. of the total exposure.

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

Unguaranteed loans to countries at 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.

The following table shows a breakdown of the UBI Banca Group's loans as at 31 December 2016 and as at 31 December 2015.

[i] As a result of new regulations implemented by the Bank of Italy.

	Loans to customers as at 31 December 2016				
	Gross exposure	%	Impairment losses	Carrying amount	%
	(Figures in thousands of Euro)				
Non performing exposures	**12,521,432**	**14.44**	**4,465,824**	**8,055,608**	**9.84**
Bad loans	7,260,761	8.37	(3,273,458)	3,987,303	4.87
"Unlikely to pay" loans	5,119,194	5.91	(1.184,283)	3,934,911	4.81
Past due loans	141,477	0.16	(8,083)	133,394	0.16
Performing loans	**74,177,541**	**85.56**	**(378,869)**	**73,798,672**	**90.16**
Total	**86,698,973**	**100.00**	**(4,844,693)**	**81,854,280**	**100.00**

	Loans to customers as at 31 December 2015				
	Gross exposure	%	Impairment losses	Carrying amount	%
	(Figures in thousands of Euro)				
Non performing exposures	**13,434,287**	**15.14**	**(3,745,738)**	**9,688,549**	**11.45**
Bad loans	6,987,763	7.87	(2,699,834)	4,287,929	5.07
"Unlikely to pay" loans	6,179,999	6.96	(1,032,900)	5,147,099	6.09
Past due loans	266,525	0.31	(13,004)	253,521	0.29
Performing loans	**75,314,190**	**84.86**	**(416,539)**	**74,897,651**	**88.55**
Total	**88,748,477**	**100.00**	**(4,162,277)**	**84,586,200**	**100.00**

Funding (consolidated)

The following table presents the sources of the UBI Banca Group's funding from customers as at 31 December 2016.

	Direct funding from customers 31 December 2016	
	(Figures in thousands of Euro)	*%*
Due to customers	56,226,416	66.02%
Securities in issue	28,939,597	33.98%
of which: EMTN	*4,298,583*	*5.05%*
Total Direct Funding	**85,166,013**	**100%**

Financial assets/liabilities of the UBI Banca Group

The book value of securities portfolios (net of liabilities) of the UBI Banca Group amounted to approximately Euro 17.1 billion as at 31 December 2016. The securities portfolios have been classified into IFRS categories as follows:

	As at 31 December 2016
	(Figures in thousands of Euro)
Financial assets held for trading	729,616
Financial assets designated at fair value	188,449
Available for sale financial assets	9,613,833
Held to maturity investments	7,327,544
Financial assets (a)	**17,859,442**
Financial liabilities held for trading (b)	800,038
Net financial assets (a-b)	**17,059,404**

The interbank position of the UBI Banca Group

As at 31 December 2016, Loans and advances to banks amounted to Euro 3.7 billion and Interbank funding amounted to approximately Euro 14.1 billion.

Financial information as at and for the three months ended 31 March 2017

On 10 May 2017 the Management Board of UBI Banca approved the consolidated results for the first quarter of 2017, which ended with a profit of Euro 67.0 million compared to Euro 42.1 million achieved in the same period of 2016.

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 SpA
INTERIM CONSOLIDATED BALANCE SHEET

	As at 31 March	
	2017	**2016**
Assets	(*Figures in thousands of euro*)	
Cash and cash equivalents	476,835	506,194
Financial assets held for trading	627,034	966,772
Financial assets designated at fair value	190,448	194,738
Available-for-sale financial assets	8,475,803	15,699,461
Held-to-maturity investments	7,274,195	3,445,469
Loans and advances to banks	4,850,605	3,591,309
Loans and advances to customers	84,521,597	84,072,553
Hedging derivatives	424,061	714,946
Fair value change in hedged financial assets (+/-)	10,591	61,469
Equity investments	254,842	259,545
Property, plant and equipment	1,637,718	1,673,882
Intangible assets	1,686,920	1,747,089
of which:		
- goodwill	*1,465,260*	*1,465,260*
Tax assets:	2,982,254	2,790,272
(a) current	371,618	579,833
(b) deferred	2,610,636	2,210,439
- of which pursuant to Law n. 214/2011	*1,954,022*	*1,957,995*
Non-current assets and disposal groups held for sale	5,811	70,283
Other assets	924,423	895,255
Total Assets	**114,343,137**	**116,689,237**

	As at 31 March	
	2017	**2016**
Liabilities and equity	(*Figures in thousands of euro*)	
Due to banks	16,665,755	11,495,105
Due to customers	56,443,308	56,527,759
Debt securities issued	27,562,538	33,124,613
Financial liabilities held for trading	722,633	610,468
Hedging derivatives	195,586	1,000,034
Tax liabilities:	229,327	427,460
(a) current	72,356	159,184
(b) deferred	156,971	268,276
Other liabilities	2,726,147	2,476,949
Post employment benefits	306,523	337,289
Provisions for risks and charges:	466,939	255,392
(a) pension and similar obligations	69,230	68,981
(b) other provisions	397,709	186,411
Valuation reserves	(158,895)	174,827
Reserves	2,833,815	3,655,183
Share premiums	3,798,430	3,798,430
Share capital	2,443,094	2,254,371
Treasury shares	(9,869)	(5,155)
Non-controlling interests (+/-)	50,769	514,451
Profit (loss) for the period (+/-)	67,037	42,061
TOTAL LIABILITIES AND EQUITY	**114,343,137**	**116,689,237**

Interim Consolidated Income Statement

	31 March 2017	31 March 2016
	(Figures in thousands of euro)	
Interest and similar income	479,115	568,924
Interest expense and similar	(131,928)	(181,324)
Net interest income	**347,187**	**387,600**
Fee and commission income	399,292	379,447
Fee and commission expense	(48,431)	(42,301)
Net fee and commission income	**350,861**	**337,146**
Dividends and similar income	2,045	523
Net trading income (loss)	23,950	1,504
Net hedging income (loss)	(2,089)	(986)
Income (losses) from disposal or repurchase of:	40,501	16,492
a) loans	(721)	(1,607)
b) available-for-sale financial assets	44,031	24,855
d) financial liabilities	(2,809)	(6,756)
Net income (loss) on financial assets and liabilities designated at fair value	2,998	(1,296)
Gross income	**765,453**	**740,983**
Net impairment losses on:	(150,944)	(155,087)
a) loans	(134,802)	(155,339)
b) available-for-sale financial assets	(38,902)	(4,668)
d) other financial transactions	22,760	4,920
Net financial operating income	**614,509**	**585,896**
Net income from banking and insurance operations	**614,509**	**585,896**
Administrative expenses	(549,432)	(547,539)
a) staff costs	(320,579)	(320,554)
b) other administrative expenses	(228,853)	(226,985)
Net provisions for risks and charges	(7,460)	(6,368)
Net impairment losses on property, plant and equipment	(18,920)	(19,289)
Net impairment losses on intangible assets	(15,464)	(15,922)
Other operating income/(expense)	82,170	81,059
Operating expenses	**(509,106)**	**(508,059)**
Profits (losses) of equity investments	3,809	5,252
Profits (losses) on disposal of investments	116	402
Profit (loss) from continuing operations before tax	**109,328**	**83,491**
Taxes on income for the period from continuing operations	(36,237)	(34,098)
After tax profit (loss) from continuing operations	**73,091**	**49,393**
Profit (loss) for the period	**73,091**	**49,393**
Profit (loss) for the period attributable to minority interests	(6,054)	(7,332)
Profit (loss) for the period attributable to the Parent	**67,037**	**42,061**

UBI BANCA AND THE UBI BANCA GROUP

Unione di Banche Italiane S.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**"). On 12th October 2015, UBI Banca was the first Italian *banca popolare* to become a Joint Stock Company (S.p.A.).

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. UBI Banca operates under the laws of the Republic of Italy. The duration of UBI Banca's corporate life is until 31 December 2100, but may be extended.

Ratings

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

- **S&P**

Short-term Issuer Credit Rating	A-3
Long-term Issuer Credit Rating	BBB-
Stand Alone Credit Profile (SACP)	bbb-
Outlook (long-term rating)	Stable

- **Moody's**

Long-term Bank deposit Rating	Baa2
Short-term Bank deposit Rating	Prime-2
Baseline Credit Assessment	Ba2
Long-term Issuer Rating	Baa2
Long-term Counterparty Risk Assessment	Baa2 (cr)
Short-term Counterparty Risk Assessment	Prime-2 (cr)
Outlook	Stable

- **Fitch**

Short-term Issuer Default Rating	F3
Long-term Issuer Default Rating	BBB-
Viability Rating	Bbb-

Support Rating	5
Support Rating Floor	No Floor
Outlook for Long-term Issuer Default Rating	Negative

- **DBRS**

Issuer rating	BBB (high)
Senior Long-term Debt and Deposit rating	BBB (high)
Short-term Debt and Deposit Rating	R-1 (low)
Intrinsic Assesment (IA)	BBB (high)
Support Assesment	SA3
Long-term Critical Obligations rating	A
Short-term Critical Obligations rating	R-1 (low)
Outlook (all ratings)	Negative

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

The UBI Banca Group

UBI Banca, the parent bank of the UBI Banca Group, is a company listed on the Italian Stock Exchange and included in the FTSE MIB index.

The consolidated figures of the UBI Banca Group as at 31 December 2016 were as follows:

- a domestic network of 1,524 branches;
- 17,560 employees actually in service ("*Dipendenti effettivi in servizio*");
- approximately 3.6 million customers;
- direct funding[ii] from customers of Euro 85.2 billion;
- loans and advances to customers of Euro 81.9 billion;
- total assets of Euro 112.4 billion; and
- sound capital ratios[iii]: Common Equity Tier 1 ratio of 11.48 per cent., Tier 1 of 11.48 per cent., Total Capital ratio of 14.10 per cent.

ii Sum of:
- Total amounts due to customers: Euro 56.2 billion (item 20 Liabilities - consolidated balance sheet)
- Total debt securities issued: Euro 28.9 billion (item 30 Liabilities - consolidated balance sheet)

The UBI Banca Group's distribution structure is as follows (with, in each case, market share in relation to branches given as at 31 December 2016[iv]):

- a strong presence in some of the wealthiest regions of Italy, namely Lombardy (12.8 per cent. market share), Piedmont (7.0 per cent. market share) and Marches (7.6 per cent. market share);
- leadership in the reference provinces: Bergamo (23.2 per cent. market share), Brescia (22.1 per cent. market share), Varese (24.1 per cent. market share) and Cuneo (20.2 per cent. market share); and
- a market share equal to or greater than 10 per cent. in other 10 provinces: aside from the four provinces indicated above, Pavia, Alessandria, Viterbo, Ancona, Fermo, Catanzaro, Cosenza, Crotone, Reggio Calabria, Vibo Valentia and a significant presence in the provinces of Milan (8.9 per cent. market share) and of Rome (4.2 per cent. market share).

Further to the acquisition of three Banks in Central Italy, which was completed in May 2017, the Group has increased its overall market share in Italy by approx. 1 per cent..

The Parent Bank – UBI Banca S.p.A.

UBI Banca performs commercial activity directly through its branch network. It also supports the activities of product companies in their core business, drawing up their budget and consolidated Business Plan. 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.

Until 2016 the UBI Banca Group had a federal organisational model, where UBI Banca, as parent company, centralised governance, control, coordination and support functions. Until November 2016, the UBI Banca Group distribution network included 7 network banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare Commercio e Industria, Banca Regionale Europea, Banca di Valle Camonica, Banca Popolare di Ancona and Banca Carime) (together, the "**Network Banks**"). The Network Banks operated in their original local markets with the objective of consolidating and broadening customer relations and maximising the economic value and the quality of the services they provide at local level. In June 2016 the Supervisory Board of UBI Banca approved the 2019 – 2020 Business Plan, which included the adoption of a simpler and more efficient baseline operating structure. Subsequently, the Supervisory Board of UBI Banca and the Boards of Directors of the Network Banks passed resolutions approving the Single Bank Project. Banca Popolare Commercio e Industria and Banca Regionale Europea were merged on 21st November 2016 and all the remaining five banks (Banca Popolare di Bergamo, Banco di Brescia, Banca Popolare di Ancona, Carime and

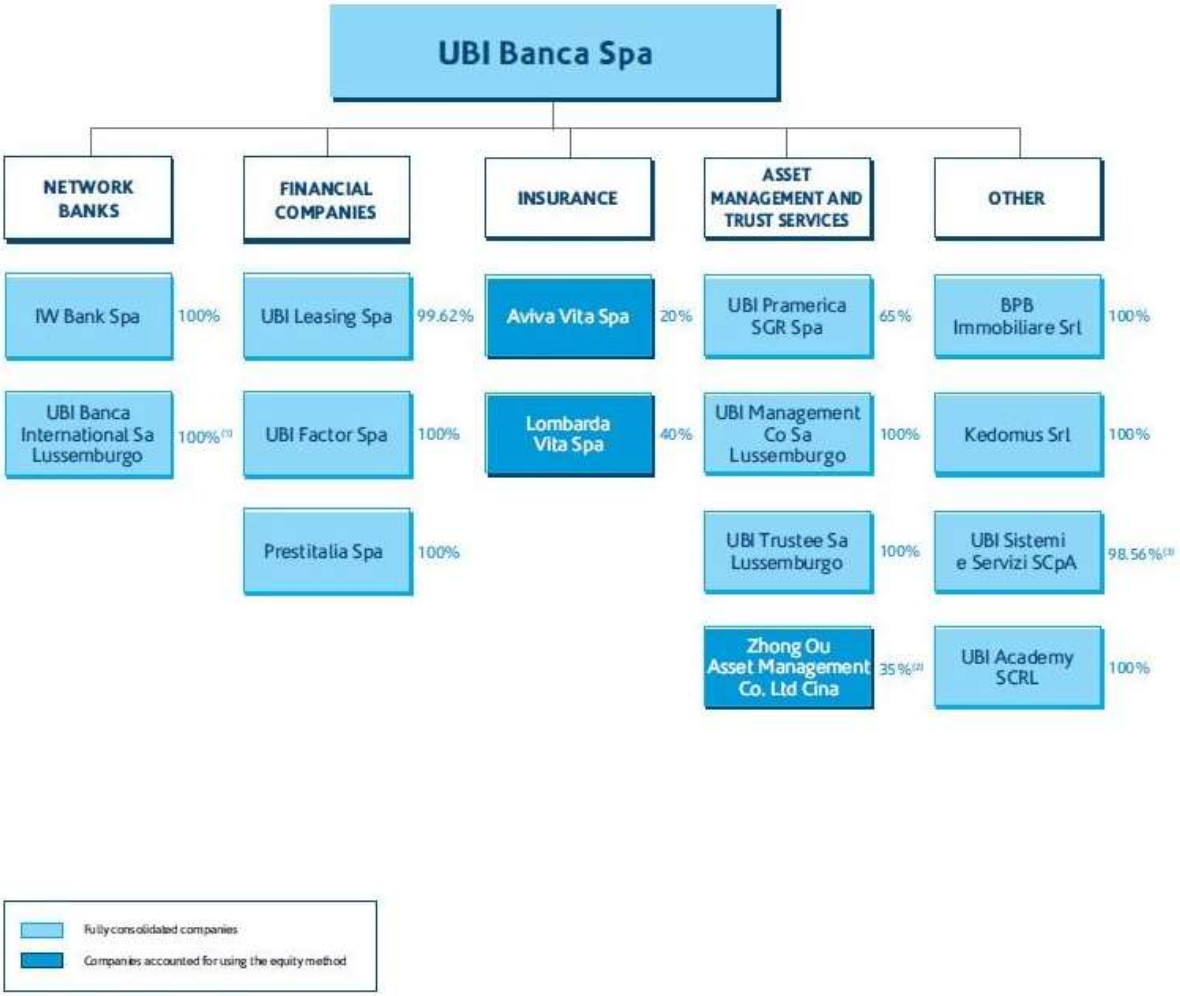
[iii] Calculated according to the prudential rules for banks and investment companies contained in EU Regulation 575/2013 (the Capital Requirements Regulation, known as the CRR) and in the EU Directive 2013/36/EU (the Capital Requirements Directive, known as CRD IV), came into force on 1st January 2014. These transpose standards defined by the Basel Committee on Banking Supervision (known as the Basel 3 framework) into European Union regulations.

[iv] Market share information sourced from Bank of Italy "Base Dati Statistica"- Statistic Data Base. Latest data available as at Sept 2016.

Banca di Valle Camonica) were merged on the following 20th February. As a result, from February 2017 UBI Banca is a single bank which performs commercial activity directly through its branches.

Product Companies

- UBI Banca is active, through its product companies, in a number of different specialist sectors (often in partnership with third party operators), namely asset management, life bancassurance, leasing, factoring and online trading. 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. The product companies distribute their services mainly through the UBI Banca network.



(1) On the basis of the agreement signed on 28th April 2016, the disposal is expected to be concluded once the preparatory activities for the disposal are completed and therefore not before the end of the second quarter 2017.
(2) In June 2015 one third of the stake held was classified within assets held for disposal in accordance with IFRS 5.
(3) The remaining 1.44% is held by Cargeas Assicurazioni Spa (the former 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 structure may be summarised as follows:

(a) UBI Banca, the parent company of the UBI Banca Group, operates through its branch network. UBI Banca is present in the territories through the former network banks' brands (Banca Popolare di Bergamo S.p.A., Banco di Brescia S.p.A., Banca Popolare Commercio e Industria S.p.A., Banca Regionale Europea S.p.A., Banca Popolare di Ancona S.p.A., Banca Carime S.p.A. and Banca di Valle Camonica S.p.A.). The 7 banks were merged into the parent in November 2016 and February 2017, thus completing the Single Bank Project. The network, deeply rooted in the local regional markets, is focused on the development of commercial and lending activities with a client base consisting mainly of retail customers and small and medium sized businesses;

(b) a trading Bank, IW Bank Private Investments S.p.A., based in Milan, the result of the integration, effective 25 May 2015, of the Group's on-line bank, IW Bank S.p.A., and UBI Banca Private Investment S.p.A., a network of private bankers and financial advisers;

(c) various product companies operating mainly in the areas of asset management, life bancassurance, factoring and leasing;

(d) a consortium company, UBI Sistemi e Servizi S.c.p.A., based in Brescia, providing services (mainly IT) and products to the other group's companies; and

(e) various service companies.

The UBI Banca Group also has an international presence through:

(i) one foreign bank, UBI Banca International S.A. (with headquarters in Luxembourg). On 28th April 2016 UBI Banca signed a contract for the sale of 100 per cent. of the share capital of UBI Banca International S.A. to EFG International AG. The transaction is expected to be completed in the second half of 2017.

(ii) three foreign branches in France (at Nice, Menton and Antibes), one branch in Germany (Munich) and one in Spain (Madrid);

(iii) representative offices in San Paolo of Brazil, Hong Kong, Mumbai, Shanghai, Moscow, New York, Dubai and Casablanca;

(iv) one branch of UBI Factor S.p.A. in Krakow in Poland;

(v) other equity investments as per the above chart.

Banking Activities

The financial information hereafter provided is extracted from the financial statements under IFRS as at 31 December 2016.

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.

As at 31 December 2016, total assets under management of UBI Pramerica totalled Euro 31.5 billion and the company's net profit for the year amounted to Euro 63.6 million.

Bancassurance

In the life bancassurance sector UBI Banca holds 20 per cent. of Aviva Vita S.p.A. Until October 2016 UBI Banca held also a stake of 20 per cent. in Aviva Assicurazioni Vita S.p.A. On 5th October 2016 an Extraordinary Shareholders' Meeting of Aviva Vita S.p.A resolved to incorporate its subsidiary Aviva Assicurazioni Vita S.p.A.; the relative records were filed with the Company Registrar on 7th October 2016.

As concerns the commercial scope, the existing commercial distribution agreements in force will expire on 31st December 2020. In 2016, in relation to the 20 per cent. of capital owned by UBI Banca, Aviva Vita S.p.A. contributed to UBI's result from equity investments with Euro 5.5 million.

UBI Banca has also a stake of 40 per cent. in Lombarda Vita S.p.A., active in the sector of life bancassurance: as concerns the stake owned by UBI Banca, in 2016 Lombarda Vita S.p.A. contributed to UBI's result from equity investments with Euro 11.5 million.

In respect of the non-life bancassurance sector, in December 2014, after obtaining the necessary authorisations, UBI Banca transferred its entire held share capital in UBI Assicurazioni S.p.A. (50 per cent.-1 share) to Ageas and BNP Paribas Cardiff. A new agreement was signed for the distribution of the insurance company's products through UBI's branch network.

Leasing

The Group presently offers leasing products through UBI Leasing S.p.A. UBI Leasing S.p.A. is 99.62 per cent controlled by UBI Banca.

As at 31 December 2016 UBI Leasing S.p.A. had total outstanding loans amounting to Euro 6.3 billion and reported net loss of Euro 54.9 million.

Factoring

UBI Factor S.p.A. is wholly owned by UBI Banca. As at 31 December 2016 the company had outstanding loans amounting to Euro 2.5 billion and a net loss of Euro 8.7 million.

The Issuer's share capital

As at 20 July 2017, the issued share capital of the Issuer amounted to €2,843,075,560.24, consisting of 1,144,244,506 ordinary shares.

Recent Developments

Completion of the Single Bank Project

The Single Bank project was completed in the first quarter 2017 well ahead of the original schedule. The merger of the seven network banks into UBI Banca took place in two stages:

- the first regarded Banca Popolare Commercio e Industria and Banca Regionale Europea, with the signing on 15th November 2016 of two separate merger deeds which took effect with regard to third parties from 21st November 2016 (from 1st January 2016 for accounting and tax purposes). At the same time as the BRE merger deed was signed, UBI Banca concluded the purchase of the saving shares and the privileged shares held by the Fondazione Cassa di Risparmio di Cuneo, in implementation of an agreement signed with that foundation on 27th June 2016 and disclosed to the market on that same date;
- the second stage involved all the remaining network banks (Banca Popolare di Bergamo, Banca Popolare di Ancona, Banca Carime, Banco di Brescia and Banca di Valle Camonica) with the signing on 2nd February 2017 of four separate merger deeds (one for each network bank, exception being made for the signing of a single merger deed for BBS and BVC), which took effect with regard to third parties from 20th February 2017 (from 1st January 2017 for accounting and tax purposes).

With the merger by incorporation and the migration of the 5 Network Banks, which follow the integration in November 2016 of BPCI and BRE (please see press release dated 22 November 2016), the Single Bank Project was substantially completed on 20 February 2017, in large advance by about 4 months compared to Business Plan expectations.

Resolutions approved by an Ordinary and Extraordinary Shareholders' Meeting of UBI Banca on April 2017

On 7th April 2017 a General Meeting of the Shareholders of UBI Banca was held under the chairmanship of Andrea Moltrasio (the Chairman of the Supervisory Board), convened in both extraordinary and ordinary session to resolve on the items on the agenda.

The Chairwoman of the Management Board, Letizia Moratti, reported on the performance and results achieved in 2016 as approved by the Supervisory Board on the preceding 7th March.

In the ordinary session the Shareholders' Meeting acted with regard to the items on the agenda as follows:

1. with the vote in favour of 93.1% and the abstention of 5.8% of the share capital present, it approved the proposal to replenish the loss for the year by drawing on the share premium reserve and to distribute a dividend of €0.11 per share drawn from the extraordinary

reserve, as proposed by the Management Board in consideration of the adequate capitalisation of the Group according to the parameters established by Basel 3 rules and in compliance with a communication from the European Central Bank dated 13th December 2016 on dividend distribution policies. The dividend was, then, paid on the 974,205,820 ordinary shares outstanding, net of treasury shares held in portfolio, and it was paid with ex dividend date, record date and payment date of 22nd, 23rd and 24th May 2017, against coupon No. 19;

2. with the vote in favour of 92.4% and the abstention of 6.1% of the share capital present, it appointed Ferruccio Dardanello as a Member of the Supervisory Board, in order to fill a vacancy on the Board following the resignation of a member in December 2016. The Board Member will remain in office until the expiry of the term of office of the current Supervisory Board and that is until the Shareholders' Meeting that will be held in accordance with article 2364-bis of the Italian Civil Code, after the end of the financial year 2018;
3. it approved the first section of the Remuneration Report, prepared for public disclosure purposes, in compliance with regulations in force and made available to the public in accordance with the law.
4. it adopted, as proposed, remuneration policies for members of the Supervisory Board and members of the Management Board;
5. it approved remuneration schemes based on financial instruments, in order to pay a quota of the short-term (annual) and long-term (multi-year) variable component of remuneration for "Key Personnel" and to pay the productivity bonus (known as the "Company Bonus") for 2017 for all employee personnel and it also approved the resulting proposals to authorise the purchase of treasury shares at the service of those schemes;
6. again on the subject of remuneration, having acknowledged a proposal submitted by the Supervisory Board, substantially along the same lines as that approved by the 2016 Shareholders' Meeting, it approved terms for setting the criteria and maximum limits on the number of years of remuneration and the relative payment procedures to be agreed in the event of the early termination of an employment relationship or early retirement from corporate office;
7. lastly, having taken note of the proposal by the Supervisory Board and in consideration of the current legislation on the matter, it approved the determination of the ratio of variable to fixed remuneration up to a maximum of 2:1 for "Key Personnel" belonging to the Investments Area of the asset management company UBI Pramerica SGR S.p.A., the application of which for 2017 is planned for six positions.

Finally, in the Extraordinary session, with a vote in favour of 99.8% of the share capital present, the Shareholders' Meeting approved a proposal to authorise the Management Board to increase the share capital by payment, by 31st July 2018, subject to prior authorisation by the Supervisory Board, by a total maximum amount of €400 million, inclusive of any share premiums, by the issue of ordinary shares with no nominal value and having the same characteristics as those already outstanding, to be offered as an option to rights holders, with the broadest powers to establish, from time to time and in observance of the above limitations, the procedures, the terms and the conditions of the operation, inclusive of the issue price and comprising any share premiums and dividend entitlements.

The effect of the resolution, and therefore the authorisation mentioned, was subject to the acquisition by UBI Banca of the entire share capital of Nuova Banca delle Marche Spa, Nuova Banca dell'Etruria e del Lazio Spa and Nuova Cassa di Risparmio di Chieti Spa by the ultimate deadline of

31st July 2018, while it remains in any event necessary to acquire prior authorisation Bank of Italy/European Central Bank.

Fitch's rating action

On 20th February 2017, Fitch Ratings reduced by one notch the Long Term IDR (Long-term Issuer Default Rating), from "BBB" to "BBB-", and the Viability Rating, from "bbb" to "bbb-". The Outlook remained Negative, in relation to the weak Italian economic context.

The acquisition of Target Bridge Institutions

On 11th January 2017, the Supervisory Board, on the basis of a proposal from the Management Board, decided to approve and submit a binding offer to the Resolution Fund to purchase 100% of the share capital of Nuova Banca delle Marche (in possession, amongst other things, of 98.86% of Cassa di Risparmio di Loreto), Nuova Banca dell'Etruria e del Lazio (in possession, amongst other things, of 100% of Banca Federico del Vecchio) and Nuova Cassa di Risparmio di Chieti (the "Target Bridge Institutions"), the banks formed following intervention by the Resolution Fund in November 2015 for which a business, financial and operating rationale was identified, designed for the potential creation of value for the UBI Banca Group.

The offer, which was valid until 18th January 2017 inclusive, was accepted by the Directors of the Bank of Italy, who on that same day approved the signing of the contract for the sale of the three Bridge Banks to UBI Banca, which occurred at the same time. The sales contract involved the purchase being subject to a series of suspensive conditions, including the following:

(i) obtaining the required authorisations from the competent authorities in accordance with their respective areas of responsibility (more specifically, the Bank of Italy/European Central Bank, the Italian Competition Authority and the Institute for the Supervision of Insurance);

(ii) the disposal without recourse, to be completed before the closing date, of approximately €2.2 billion of gross non-performing loans;

(iii) the approval by a Shareholders' meeting of UBI Banca of an increase in the share capital for up to a maximum of €400 million;

(iv) implementation and completion of the recapitalisation of the Target Bridge Institutions by the Seller for an estimated amount of €450 million.

The contract also involved a contractual limitation of the risks taken by prior compliance with certain "Significant Parameters" (details of which are given in the consolidated management report in the 2016 Annual Report).

During the first three months of the year and in the weeks that followed, all the activities preparatory to the conclusion of the acquisition were therefore set in motion.

First of all, the necessary authorisation applications were submitted to the following: the Bank of Italy/European Central Bank (specifically for the acquisition of the Bridge Banks and for the increase in the share capital of UBI Banca); the Institute for the Supervision of Insurance (for the purchase, indirectly, of the controlling interests held by Nuova Banca dell'Etruria e del Latium in BancAssurance Popolari Spa and in BancAssurance Popolare Danni Spa); the Italian Competition Authority (for the concentration resulting from the acquisition of the aforementioned banks). Authorisation was issued on 4th April by the insurance institute, on 12th April by the competition authority and on 28th of April by the Bank of Italy/ECB (relating to the acquisition of the Target Breach Institutions).

On 7th April 2017, a Shareholders' Meeting of UBI Banca, held in extraordinary session, approved a proposal with the vote in favour of 99.8% of the share capital present, to confer an authorisation on the Management Board to increase the share capital by payment, in one or more tranches by and not later than 31st July 2018 (subject to prior authorisation from the Supervisory Board) by a total maximum amount of €400 million (inclusive of any share premiums), through the issue of ordinary shares with no nominal value and having the same characteristics as those already outstanding. The effect of the resolution and therefore of the authorisation was subject to the acquisition of the three banks by the final deadline of 31st July 2018. An application was submitted on 14th April 2017 to the Consob (Italian securities market authority) for authorisation to publish the Registration Document. (For further details about the Capital Increase, please see the next paragraph "*UBI Banca share capital with option rights increase")*

Subject to verification of the suspensive conditions for the Closing laid down in the purchase contract, the purchase of the Target Bridge Institutions by UBI Banca took place on 10th May 2017 for valuable consideration of €1.

In that same context, but immediately after the closing date, shareholders' meetings of the Target Bridge Institutions were also held, which proceeded, amongst other things, in ordinary session to appoint a new board of directors designated by UBI Banca, and also, in extraordinary session, and as agreed with the authorities, to change the respective names of the companies as well as to transfer the registered address of each of them to Bergamo, up till the completion of the merger into UBI Banca. More specifically the new name of Nuova Banca Marche will be "Banca Adriatica S.p.A.", the new name of Nuova Banca Etruria will be "Banca Tirrenica S.p.A." and the new name of Nuova CariChieti will be "Banca Teatina S.p.A.". The aforementioned resolutions approved in the extraordinary shareholders' meetings (inclusive of the new company names) will take effect once the relative law authorisations have been obtained. The shareholders' meeting of Banca Federico del Vecchio S.pA. (controlled by Nuova Banca Etruria) was held, which proceeded, among other and in ordinary session, to appoint a new Management Board designated by UBI Banca. Also, for the Cassa Di Risparmio di Loreto, the appointment of a new Board of Directors and the aforementioned changes to the Articles of Association were submitted to the approval of a Shareholders' Meeting.

On 11th May 2017 the Management Board and the Supervisory Board of UBI Banca approved a merger project, which involves the integration into the Parent UBI Banca of Nuova Banca delle Marche S.p.A., Nuova Banca dell'Etruria e del Lazio S.p.A., Nuova Cassa di Risparmio di Chieti S.p.A., Banca Federico del Vecchio S.p.A. and Cassa di Risparmio di Loreto S.p.A. (all together "***Banks to be merged***" into UBI Banca) to be carried out by means of their merger by incorporation into the Parent. This operation forms part of the natural continuation of the process to greatly streamline the organisational structure of the UBI Group originating from the recent conclusion of the "Single Bank" project. Furthermore, in view of the very many activities required to implement the entire project to integrate the *Banks to be merged*, it is planned to carry out the project in three steps, the first of which regarding Nuova Banca delle Marche and Cassa di Risparmio di Loreto (date of effect for legal purposes planned for October 2017), the second regarding Nuova Banca dell'Etruria e del Lazio and Banca Federico del Vecchio (date of effect for legal purposes planned for November 2017) and the third regarding Nuova Cassa di Risparmio di Chieti (date of effect for legal purposes February 2018).

Update of the UBI business plan to include Nuova Banca Marche, Nuova Banca Etruria and Nuova Carichieti (the "Target Bridge Institutions")"

On 10 May 2017, UBI presented an update of the business plan approved on 27 June 2016 proposed by the Management Board containing strategic guidelines and economic, financial and capital objectives for the period 2016-2019/2020 (the "**Business Plan**"), for the "Combined Entity" (i.e. the UBI Banca Group plus the three Target Bridge Institutions and their respective perimeter of consolidation). The new 2017-2020 Business Plan confirms the strategic guidelines of UBI Banca's stand alone 2019/2020 Business Plan and these will be rolled out across the Target Bridge Institutions and their respective perimeter of consolidation. The plan is based, in particular, on the following four key cornerstones:

(i) the "Single Bank" approach set out in the 2019/2020 Business Plan will apply across the Combined Entity, on the basis of which the Group's seven network banks were merged into UBI Banca in 2016 and the first months of 2017, and the three Target Bridge Institutions that have also been merged into UBI Banca;

(ii) evolution of the Groups' commercial approach by:

(a) confirmation of the integrated multi-channel approach (to be completed by the end of 2017) to (i) enable customers to access the bank continuously and operate without distinction on all available channels and (ii) to allow the bank to reach customers with targeted commercial proposals;

(b) the formulation of a dedicated customer segment based strategy ("Individuals and Households", "Affluent and Private Banking" and "Business" segments), as a result of, amongst other factors, market trends, as described in the press release dated 27 June 2016;

(iii) consolidation of the Group's structural strengths, by means of:

(a) confirmation of an asset quality amongst the best in the sector and the provision of adequate coverage for problem loans;

(b) continuation and acceleration of activities to rationalise the cost base; and

(c) maximisation of key profitability and efficiency indicators, alongside maintaining a balanced capital and financial structure.

UBI Banca share capital with option rights increase

On 8 June 2017, the Management Board of UBI Banca, after having obtained the prior authorisation from the Supervisory Board, set the final conditions for the share capital increase in execution of the mandate granted by the Shareholders' Meeting held on 7 April 2017 and it set the timetable for the offering to existing shareholders by way of pre-emptive subscription rights in connection with the newly issued shares. More specifically, it set that UBI Banca would issue a maximum of 167,006,712 new ordinary shares of UBI Banca, with no par value, of the same class of the UBI Banca ordinary shares outstanding and with normal dividend entitlement, to be offered, pursuant to transferable pre-emptive subscription rights granted to existing shareholders of UBI Banca, at a ratio of 6 newly issued shares for every 35 shares held, at a subscription price of € 2.395 for each new share, all being share capital. On 9th June 2017 Consob approved the Italian Registration Document, the Italian Information Note and the Italian Summary Note (which, together, constitute the "Italian Prospectus") relating to the Rights Issue and to the admission to trading on the MTA (*Mercato Telematico Azionario*, organized and managed by Borsa Italiana S.p.A.) (the "MTA") of the newly issued shares of the Company deriving from the Rights Issue. The pre-emptive rights entitling to the subscription of the newly issued shares of the Company had to be exercised from 12th June 2017 to 27th June 2017 (the "subscription period"). The Pre-emptive Rights were traded on the MTA from 12th June 2017 to 21st June 2017, inclusive. On 11 June 2017, UBI Banca appointed Banca IMI (Intesa Sanpaolo Group), Banco Santander and Mediobanca as additional underwriters and co-bookrunners. The co-bookrunners adhered to the underwriting agreement previously entered into on 8th June 2017 with Credit Suisse, acting as sole global coordinator and bookrunner.

On 27 June 2017 the Rights Offering was concluded. During the subscription period, 967,529,640 option rights were exercised for the subscription of 165,862,224 shares, accounting for 99.31% of the total shares offered for a consideration of € 397,240,026.48. The remaining 6,676,180 option rights not exercised during the subscription period, which gave the right to subscribe 1,144,488 shares, corresponding to 0.69% of the total Shares offered, for a consideration of € 2,741,048.76, were offered on the stock market by UBI Banca, through IW Bank Private Investments, in the trading session of 30th June 2017.

As final result of the operation, 167,006,652 shares had been subscribed during the Subscription period, corresponding to over 99.99% of newly issued UBI Banca ordinary shares, for a countervalue of €399,980,931.54. In accordance with the terms of the underwriting agreement, Credit Suisse, Banca IMI (Intesa Sanpaolo Group), Banco Santander and Mediobanca, in their capacity as underwriters, subscribed the remaining 60 shares, deriving from 350 rights not exercised, for a countervalue of €143.70. The overall amount of the capital increase, €399,981,075.24 deriving from

the issuance of 167,006,712 UBI Banca ordinary shares, were stated entirely as share capital. On 14th July 2017, the new share capital, which amounts to Euro 2,843,075,560.24 consisting of 1,144,244,506 ordinary shares with no nominal value, was filed with the Company Registrar of Bergamo. (For further details, please see the press releases published in June and July by UBI Banca, available on the website *http://www.ubibanca.it/pagine/Press-Releases-EN-2.aspx*)

DBRS rating action

On 9th June 2017, DBRS published a press release with the results of the review conducted on some subordinated issues of European Banks. With this rating action, the Agency had reduced by one notch the subordinated rating of 27 banking Groups, among which UBI Banca, whose two issues under EMTN programme are rated "BBB (low)" compared to the previous "BBB" with Negative Trend.

Capital Ratios[v]

As at 31 December 2016, the Group's capital ratios, were as follows: Common Equity Tier 1 ratio of 11.48 per cent., Tier 1 ratio of 11.48 per cent. and a Total Capital ratio of 14.10 per cent.

Following the Supervisory Review and Evaluation Process (SREP), in December 2016 the ECB has set the minimum capital requirement in terms of CET1 that the Group has to respect in 2017, which is 7.5 per cent..
As at 31 March 2017, the Group's capital ratios, were as follows: Common Equity Tier 1 ratio of 11.44 per cent., Tier 1 ratio of 11.44 per cent. and a Total Capital ratio of 14.71 per cent.

UBI Banca's Management and Supervisory Bodies

UBI Banca has adopted a "dual" governance system consisting of a Supervisory Board and a Management Board.

Supervisory Board

According to Article 36 of UBI Banca's Articles of Association, the Supervisory Board is presently composed of 15 members with a three-year term of office. 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 Legali* (register of auditors) who have practised as legal certifiers of accounts for a period of not less than three-years.

Furthermore, the Articles of Association require strengthened professional standards in respect to those envisaged by current regulations and an age limit for the assumption of office.

[v] Calculated according to the prudential rules for banks and investment companies contained in EU Regulation 575/2013 (the Capital Requirements Regulation, known as the CRR) and in the EU Directive 2013/36/EU (the Capital Requirements Directive, known as CRD IV), came into force on 1st January 2014. These transpose standards defined by the Basel Committee on Banking Supervision (known as the Basel 3 framework) into European Union regulations.

The members of the Supervisory Board cannot be appointed as members of the Management Board as long as they continue to hold that office.

Persons who have occupied the position of Chairman or Senior Deputy Chairman for the three preceding terms of office may not be appointed to the relative position.

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

Name	Position	Positions held in other listed companies (*) banking, financial, insurance or large companies
Andrea Moltrasio	Chairman	Chairman of the Board of Directors of Clinica Castelli S.p.A. Chairman of the Board of Directors of ICRO Didonè S.p.A. Member of the Board of Icro Coatings S.p.A. Member of the Board of Associazione Bancaria Italiana
Mario Cera	Senior Deputy Chairman	Member of the Board of Associazione Bancaria Italiana
Pietro Gussalli Beretta	Deputy Chairman	Chairman of Beretta Holding S.p.A. Deputy Chairman of Fabbrica d'Armi Pietro Beretta S.p.A. Deputy Chairman of Benelli Armi S.p.A. Deputy Chairman of Beretta U.S.A. Corp. Chairman of Benelli U.S.A. Corp. CEO of Arce Gestioni S.p.A. Member of the Board of Lucchini RS S.p.A. Chairman of Beretta-Benelli Iberica S.A. Chairmain of Humbert CTTS S.a.S

		Member of the Board of LLC Russian Eagle Member of the Board of Artic Freezing Docks S.p.A Member of the Board of Outdoor Entreprise SA Member of the Board of Land Finance Corp. Chairman of Steiner Eoptics Inc. Member of the Board Upifra Agricole SA Member of the Board of Upifra SA Member of the Board of Casaforte Self-Storage (Suisse) SA Member of the Board of Beretta Australia Pty Ltd.
Armando Santus	Deputy Chairman	N/A
Francesca Bazoli	Board Member	Member of the Board of Editoriale Bresciana S.p.A. Member of the Board of Panaria Group Industrie Ceramiche S.p.A. Member of the Board of Centro Stampa Quotidiani S.p.A. Member of the Board of Associazione Banca Lombarda e Piemontese Member of the Board Fondazione Banca San Paolo di Brescia Deputy Chairman of Morcelliana S.r.l. President of Fondazione Accademia Cattolica di Brescia Member of the Board of Fondazione Brescia Musei Member of the Board Fondazione Cattolica di

		Assicurazione
Letizia Bellini Cavalletti	Board Member	N/A
Pierpaolo Camadini	Board Member	Deputy Chairman of Editoriale Bresciana S.p.A. Member of the Board of Finanziaria di Valle Camonica S.p.A. Member of the Board of ANSA – Agenzia Nazionale Stampa Associata Soc. Coop. Member of the Board of Gold Line S.p.A.
Ferruccio Dardanello	Board Member	Chairman of the Board of Agroqualità S.p.A. Member of the executive committee of Unioncamere nazionale Chairman of Unioncamere Piemonte Founding member and chief executive officer of EUROCIN Geie "Le Alpi del Mare/Les Alpes de la Mer" Member of the national board of Confcommercio President of Confcommercio of Cuneo district
Alessandra Del Boca	Board Member	N/A
Giovanni Fiori	Board Member	President of the Supervisory Board of Pfizer Holding Italia S.p.A. President of the supervisory board of Gamenet Group S.p.A. President of the supervisory board of Italconsult

		S.p.A. President of the supervisory board of Aska News S.p.A. President of the supervisory board of Cinecittà Studios S.p.A. Deputy auditor of Saras S.p.A. President of the Auditors Board of Fondazione Telecom Italia Member of the Auditors Board of S.I.A.E. S.p.A. Member of the Auditors Board of Fondazione Lars Magnus Ericsson
Michela Patrizia Giangualano	Board Member	N/A
Paola Giannotti	Board Member	Member of the Board of TERNA S.p.A.
Lorenzo Renato Guerini	Board Member	Chairman of the Board of Directors of 035 Investimenti S.p.A. Chairman of the Board of Directors of Quenza S.r.l.
Giuseppe Lucchini	Board Member	Chairman of the Board of Directors Lucchini RS S.p.A Chairman of the Board of Directors Sinpar S.p.A. Chairman of the Board of Directors of Gilpar S.p.A. Deputy Chairman of the Board of Directors of Lucchini Mamè Forge S.p.A. Member of the General Council of Federacciai Member of the Board of Beretta Holding S.p.A.
Sergio Pivato	Board Member	Chairman of the Board of Statutory Auditors SMA S.p.A.

		Chairman of the Board of Statutory Auditors of E-Novia S.p.A. Member of the Board of Statutory Auditors Auchan S.p.A.

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

The Supervisory Board also establishes from among its members the four committees provided for under the Article 41 of UBI Banca's 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 and
- the Risk Committee, for the purpose of supporting the Supervisory Board by performing assessments, furnishing advice and submitting proposals in those areas overseen by the Supervisory Board in its capacity as the strategic supervisory body in accordance with regulatory requirements as may be in force from time to time.

The Supervisory Board also sets up an internal related parties committee (the "**Related Parties and Connected Subjects Committee**") ("*Comitato Parti Correlate e Soggetti Collegati*"), made up of 3 members, in compliance with the provisions of: (i) "Regulations for UBI Banca related-party transactions" adopted in implementation of Art. 2391-bis of the Italian Civil Code and Consob requirements with respect to related parties adopted with Resolution No. 17221/2010 and subsequent amendments; (ii) "Regulations for operations with parties connected to the UBI Banca Group", adopted in implementation of Title V, Chapter 5 of Bank of Italy Circular No. 263 of 27th December 2006 - 9th amendment of 12th December 2011, "New regulations for the prudential supervision of banks", containing measures concerning "risk assets and conflicts of interest with connected parties.

Management Board

The Management Board is composed of 7 members elected with a three-year mandate by the Supervisory Board, on the proposal of the Appointments Committee.

Two members of the Management Board shall be selected from among the senior management of the Bank. Furthermore, in compliance with the provisions of Law No. 120 of 12th July 2011, a balance between genders is ensured for the period.
The Supervisory Board also appoints the Chairman and the Deputy Chairman of the Management Board. The Management Board appoints the Chief Executive Officer from among its members, upon the proposal of the Supervisory Board, having consulted the Appointments Committee.

The members of the Management Board must be in possession of the qualities of integrity, professionalism or any other requirement contained in the relevant legislation and regulations, also with regard to the limits on the accumulation of positions imposed by internal regulations. However, at least one member of the Management Board must possess the requirements of independence set forth in Article 148, paragraph three of Legislative Decree No. 58 of 24 th February 1998.

Furthermore, the Articles of Association require strengthened professional standards in respect to those envisaged by current regulations and an age limit for the assumption of office.

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.

Accepting the proposal put forward by the Appointments Committee, on 14 April 2016 the Supervisory Board appointed the members and also the Chairman and Deputy Chairman of the Management Board and submitted a proposal to to appoint Victor Massiah as CEO. On 15 April 2016 the Management Board confirmed the appointment of Victor Massiah as CEO and General Manager.

The Management Board is currently composed by:

Name	Position	Principal activities performed outside the UBI Banca Group
Letizia Brichetto Arnaboldi	Chairman	Aon Italia S.r.l. – Board Member Fondazione E4Impact – Chairman

Moratti		Securfin Holdings Srl – Managing Director Associazione Bancaria Italiana – Board Member
Flavio Pizzini	Deputy Chairman	Novaradio S.r.l – Sole Auditor Immobiliare Due Febbraio S.r.l. –Board Member Fondazione Lambriana – Board Member Fondazione Borghesi Buroni – Chairman of the Board of Directors UBI Sistemi e Servizi Scpa (**) – Chairman of the Board of Directors Impresa Tecnoeditoriale Lombarda S.r.l. – Chairman of the Board of Statutory Auditors Fondazione Ebis – Chairman of the Board of Statutory Auditors Brevivet S.p.A. – Chairman of the Board of Statutory Auditors Fondazione Achille e Giulia Boroli – Chairman of Statury Auditors Bosa S.r.l. in liquidazione – Liquidator Fondazione E4Impact – Member of the Board of Auditors
Victor Massiah	CEO and General Manager	Associazione Bancaria Italiana (ABI) – Board Member Fondo Interbancario di Tutela dei Depositi – Board Member Schema volontario di intervento FITD – Board Member
Silvia Fidanza	Board Member	Befado S.p. zo.o. (Polonia) – Chairman of the Supervisory Board
Osvaldo Ranica	Board Member	ABI Commissione Regionale Lombardia – Chairman UBI Leasing S.p.A (**) – Deputy Chairman of the Board of Directors Fondazione Unione Banche Italiane Varese Onlus – Board Member

		Chairman of the Board of Directors of Nuova Banca delle Marche S.p.A. (**) Chairman of the Board of Directors of Nuova Banca dell'Etruria e del Lazio S.p.A. (**) Chairman of the Board of Directors of Nuova Cassa di Risparmio di Chieti S.p.A. (**)
Elvio Sonnino	Board Member and Senior Deputy General manager	IW Bank S.p.A. (**) – Vice Chairman of the Board of Directors UBI Academy SCRL and UBI Banca International S.A. – (**) Board Member UBI Sistemi e Servizi S.c.p.a. (**) – Board Member and General manager Associazione Bancaria Italiana – Board Member
Elisabetta Stegher	Board Member	==

(**) Member of Gruppo UBI Banca

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

The members of the Management Board shall remain in office for three financial years. Their term of office shall expire on the date of the Supervisory Board meeting convened to approve the financial statements of UBI Banca as at and for the year ending 31 December 2018

General Management

Name	Position
Victor Massiah	General Manager
Elvio Sonnino	Senior Deputy General Manager
Rossella Leidi	Deputy General Manager
Frederik Geertman	Deputy General Manager

Conflicts of Interest

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

Significant Legal Proceedings

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

TAXATION

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

Law Decree No. 66 of 24 April 2014, as converted with amendments by Law No. 89 of 23 June 2014 published in the Official Gazette No. 143 of 23 June 2014, ("Law No. 89") has introduced new tax provisions amending certain aspects of the tax regime of the Notes as summarised below. In particular the Law No. 89 has increased from 20 per cent. to 26 per cent the rate of withholding and substitute taxes of interest accrued, and capital gains realised, as of 1 July 2014 on financial instruments (including the Notes) other than government bonds.

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

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

The statements herein regarding taxation are based on the laws in force in Italy and in the United Kingdom as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

The laws and their interpretation by the tax authorities may change and such changes may also have retroactive effect. Accordingly, investors should consider this aspect before investing.

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

1 Italian Taxation

Tax treatment of Notes 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 No. 239 only apply to Notes 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**"). Pursuant to Article 44 of Decree No. 917, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an

unconditional obligation to pay at maturity an amount not less than that therein indicated and (ii) attribute to the holders no direct or indirect right to control or participate in the management of the Issuer. The tax regime set forth by Decree No. 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory principles, issued by, inter alia, Italian banks, other than shares and assimilated instruments.

Italian Resident Noteholders

Where an Italian resident Noteholder is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes 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 private or public institution other than companies, and trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or

(d) an investor exempt from Italian corporate income taxation,

Interest relating to the Notes, accrued during the relevant holding period, are subject to a withholding tax, referred to as "*imposta sostitutiva*", levied at the rate of 26 per cent. In the event that the Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and the relevant Interest must be included in their relevant income tax return. As a consequence, the Interest will be subject to ordinary income tax and the imposta sostitutiva may be recovered as a deduction from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the imposta sostitutiva, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**").

Where an Italian resident Noteholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected, and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. It must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP (the regional tax on productive activities ("**IRAP**")).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, payments of interest, premiums or other proceeds in respect of the Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58

of 24 February 1998, as amended and supplemented, or pursuant to Article 14-bis of Law No. 86 of 25 January 1994, and Italian real estate SICAFs (together, the "**Real Estate Funds**") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund, a SICAF or a SICAV ("*Società di investimento a capital variabile*") established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Fund**"), and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Tax**").

Where an Italian resident Noteholders 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 Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stock brokers 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 Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying Interest to a Noteholder or, absent that, by the Issuer.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is:

(f) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy and listed in a Ministerial Decree to be issued under Article 11, par. 4, let. c) of Decree no. 239 (the "**White List**"). The White List will be updated every six months period. In absence of the issuance of the Ministerial Decree providing the White List, reference has to be made to the list set out by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time; or

(g) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(h) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(i) an "institutional investor", whether or not subject to tax, which is established in a State included in the White List. In absence of the issuance of the Ministerial Decree providing the White List, reference has to be made to the list set out by the Italian Ministerial Decree dated 4 September 1996, as amended from time to time.

In order to ensure gross payment, non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected must be the beneficial owners of the payments of Interest and must:

(a) deposit, directly or indirectly, the Notes 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 Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder 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 26 per cent. to Interest paid to Noteholders who do not qualify for the exemption.

Noteholders 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 Noteholder.

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

Interest payments relating to atypical securities are subject to 26 per cent. withholding tax.

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

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

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the 26 withholding tax, on interest, premium and other income relating to the Notes qualifying as atypical securities if such Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017.

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

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

Capital gains tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, 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 Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. The Noteholders 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 Notes 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 Noteholders holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes 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. However, according to Law No. 89, capital losses realized up to 30 June 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08 per cent., for capital losses realized up to 31 December 2011; and

(ii) for an amount equal to 76.92 per cent., for capital losses realized from 1 January 2012 to 30 June 2014.

(b) As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity, resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime). Such separate taxation of capital gains is allowed subject to:

(i) the Notes 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 Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (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 Noteholders or using funds provided by the Noteholders for this purpose. Under the *risparmio amministrato* regime, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. However, according to Law No. 89, capital losses realized up to 30 June 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08 per cent., for capital losses realized up to 31 December 2011; and (ii) for an amount equal to 76.92 per cent., for capital losses realized from 1 January 2012 to 30 June 2014. Under the *risparmio amministrato* regime, the Noteholders are not required to declare the capital gains in the annual tax return.

(c) In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity, resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities who have entrusted the management of their financial assets (including the Notes) 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 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Pursuant to Law No. 89, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of the depreciations in value registered from 1 January 2012 to 30 June 2014. The Noteholders are not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the imposta sostitutiva, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017.

Any capital gains realised by a Noteholder who is a Fund will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Noteholders; the Collective Investment Fund Tax will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

Any capital gains realised by a Noteholder 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 a 20 per cent. substitute tax.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Noteholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Noteholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

(a) resident in a State included in the White List or, absent that, in the list set out by Italian Ministerial Decree dated 4 September 1996, as amended from time to time;

(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 State included in the White List or, absent that, the list set out by Italian Ministerial Decree dated 4 September 1996, as amended from time to time.

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent. However, Noteholders may

benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.

Inheritance and gift taxes

Transfers of any valuable asset (including the Notes 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, for each beneficiary, 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, for each beneficiary, 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.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, Euro 1,500,000.

Transfer tax

Contracts relating to the transfer of securities are subject to a Euro 200.00 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 13 of the tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decree No. 642**"), a proportional stamp duty applies on an annual basis to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Notes which may be deposited with such financial intermediary. The stamp duty applies at a rate of 0.20 per cent.; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. The stamp duty cannot exceed Euro 14,000.00 if the Noteholder is not an individual.

The statement is deemed to be sent at least once a year, even for instruments for which is not mandatory nor the deposit nor the release nor the drafting of the statement. In case of reporting periods less than 12 months, the stamp duty is payable on a pro-rata basis.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the stamp duty applies to any investor who is a client – regardless of the fiscal residence of the investor – (as defined in the regulations issued by the Bank of Italy on 20 June 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented, Italian resident individuals holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.20 per cent. In this case the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does not apply.

This tax is calculated on the market value of the Notes 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).

Financial assets held abroad are excluded from the scope of the wealth tax if they are administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the tariff attached to Decree No. 642 does apply.

Tax Monitoring

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax the amount of investments (including the Notes) directly or indirectly held abroad. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts and their aggregate value does not exceed a Euro 15,000 threshold throughout the year.

2 United Kingdom Taxation

UK Withholding Tax

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding for or on account of United Kingdom income tax.

3 Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A

number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FORM OF FINAL TERMS

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes[, from 1 January 2018,][vi] are not intended to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (**IMD**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][vii]

Final Terms dated [●]

Unione di Banche Italiane S.p.A.

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

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 27 July 2017 [and the supplemental prospectus dated [●] which [together] constitute[s] a base prospectus [for the purposes of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive][viii] and must be read in conjunction with such Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. [In the case of Notes admitted to trading on the [regulated market of the Irish Stock Exchange], [t][T]he Base Prospectus [and the supplemental prospectus] [is] [are] available for viewing at *www.centralbank.ie* and] during normal business hours copies may be obtained from Unione di Banche Italiane S.p.A., Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Trust Deed dated [original date] and set forth in the Base Prospectus dated [28] July 2016 [and the supplemental prospectus dated [12 August 2016, 26 January 2017, 1

[vi] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

[vii] Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Notes potentially constitute "packaged" products or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" (ii) for offers concluded before 1 January 2018 at the option of the parties.

[viii] The language included in square brackets shall be removed where exempt offers are made under this Base Prospectus.

March 2017, 6 March 2017, 12 April 2017 and 5 July 2017]] and incorporated by reference into the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the "**Prospectus Directive**") and must be read in conjunction with the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus dated [current date] [and the supplemental prospectus dated [●]].[In the case of Notes admitted to trading on the [regulated market of the Irish Stock Exchange], [t][T]he Base Prospectus [and the supplemental prospectus] [is] [are] available for viewing at *www.centralbank.ie* and] during normal business hours copies may be obtained from Unione di Banche Italiane S.p.A., Piazza Vittorio Veneto, 8, 24122 Bergamo, Italy.

1	Issuer:	Unione di Banche Italiane S.p.A.
2	[(i)] Series Number:	[●]
	[(ii) Tranche Number:]	[●]
	[(ii) Date on which the Notes will become fungible]	[The Notes will be consolidated and will form a single Series with [identify earlier Tranche] [(*insert number of the Series and ISIN Code*)] [●] on [the Issue Date (*insert date*)]/[Not Applicable]
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 [●]]
6	(i) Specified Denominations:	[●]
	(ii) Calculation Amount (in relation to calculation of interest in global form see Conditions):	[●]
7	[(i)] Issue Date:	[●]
	[(ii)] Interest Commencement Date:	[●]
8	Maturity Date:	[●]
9	Interest Basis:	[[●] per cent. Fixed Rate]

		[●] per cent. to be reset on [●] [and [●]] and every [●] anniversary thereafter] [[LIBOR/EURIBOR] +/[●] per cent. Floating Rate][Inverse Floating Rate] [Zero Coupon]
10	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [●] per cent. of their nominal amount
11	Change of Interest Basis:	[Applicable/Not Applicable] [*If applicable, specify the date when any fixed to floating rate or vice-versa change occurs or refer to paragraphs 14 and 16 below and identify there*/Not Applicable]
	(a) Switch Option:	[Applicable – [*specify details of the change(s) in Interest Basis and the relevant Interest Periods to which the change(s) in Interest Basis applies*]/[Not Applicable] (*The Issuer must give notice of the exercise of the Switch Option to Noteholders in accordance with Condition 15 (Notices) on or prior to the relevant Switch Option Expiry Date*) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(b) Switch Option Expiry Date:	[●]
	(c) Switch Option Effective Date:	[●]
12	Put/Call Options:	[Investor Put] [Issuer Call] [Regulatory Call] [Not Applicable]
13	[(i)] Status of the Notes:	[Senior/Subordinated]
	[(ii)] [Date [Board] approval for issuance of Notes obtained:	[●] [and [●], respectively]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	**Fixed Rate Note Provisions:**	[Applicable]/[Not Applicable]/(*if a Change of Interest Basis applies*): [Applicable for the period starting from

		[and including] [●] ending on [but excluding] [●]])
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi annually/ quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year
	(iii) Fixed Coupon Amount[(s)]:	[●] per Calculation Amount
	(iv) Broken Amount(s):	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]
	(v) Day Count Fraction:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(vi) Determination Dates:	[●] in each year / [Not Applicable]
15	**Reset Note Provisions:**	[Applicable/Not Applicable]
	(i) Initial Rate of Interest:	[●] per cent. per annum payable in arrear [on each Interest Payment Date]
	(ii) First Margin:	[+/-][●] per cent. per annum
	(iii) Subsequent Margin:	[[+/-][●] per cent. per annum] [Not Applicable]
	(iv) Interest Payment Date(s):	[●] [and [●]] in each year up to and including the Maturity Date [until and excluding [●]]
	(v) Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[●] per Calculation Amount][Not Applicable]
	(vi) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]][Not Applicable]
	(vii) First Reset Date:	[●]
	(viii) Second Reset Date:	[●]/[Not Applicable]
	(ix) Subsequent Reset Date(s):	[●] [and [●]]
	(x) Relevant Screen Page:	[ISDAFIX1]/[ISDAFIX2]/[ISDAFIX3]/ [ISDAFIX4]/[ISDAFIX5]/[ISDAFIX6]/[●]/[Not Applicable]
	(xi) Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate]

	(xii) Mid-Swap Maturity	[●]
	(xiii) Day Count Fraction:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
	(xiv) Determination Dates:	[●] in each year
	(xv) Business Centre(s):	[●]
	(xvi) Calculation Agent:	[●]
16	**Floating Rate Note Provisions:**	[Applicable]/[Not Applicable]/(*if a Change of Interest Basis applies*): [Applicable for the period starting from [and including] [●] ending on [but excluding] [●])]
	(xvii)Interest Period(s):	[●]
	(xviii) Specified Interest Payment Dates:	[●]
	(xix) First Interest Payment Date:	[●]
	(xx) Interest Period Date:	[●]
	(xxi) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(xxii) Business Centre(s):	[●]
	(xxiii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(xxiv) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	[●]
	(xxv) Screen Rate Determination:	
	- Reference Rate:	[LIBOR/EURIBOR]
	- Interest Determination	[●]

Date(s):

– Relevant Screen Page: [●]

(xxvi) ISDA Determination:

– Floating Rate Option: [●]

– Designated Maturity: [●]

– Reset Date: [●]

(xxvii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

(xxviii) Margin(s): [+/–][●] per cent. per annum

(xxix) Minimum Rate of Interest: [●] per cent. per annum

(xxx) Maximum Rate of Interest: [●] per cent. per annum

(xxxi) Day Count Fraction: [Actual/Actual / Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360/360/360/Bond Basis]
[30E/360/Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual ICMA]

17 **Inverse Floating Rate Note Provisions:** [Applicable/Not Applicable]

(xxxii) Interest Period(s): [●]

(xxxiii) Specified Interest Payment Dates: [●]

(xxxiv) Interest Period Date: [●]

(xxxv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

(xxxvi) Business Centre(s): [●]

(xxxvii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]

(xxxviii) Party responsible for [●]

	calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]):	
(xxxix)	Screen Rate Determination:	
	– Reference Rate:	[LIBOR/EURIBOR]
	– Interest Determination Date(s):	[●]
	– Relevant Screen Page:	[●]
(xl)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(xli)	Fixed Rate	[●] per cent.
(xlii)	Minimum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
(xliii)	Maximum Rate of Interest:	[[●] per cent. per annum/Not Applicable]
(xliv)	Day Count Fraction:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)] [Actual/Actual ICMA]
18	**Zero Coupon Note Provisions:**	[Applicable/Not Applicable]
(xlv)	Amortisation Yield:	[●] per cent. per annum
(xlvi)	Reference Price:	[●]
(xlvii)	Day Count Fraction in relation to Early Redemption Amount:	[Actual/Actual / Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360/360/360/Bond Basis] [30E/360/Eurobond Basis] [30E/360 (ISDA)]

[Actual/Actual ICMA]

PROVISIONS RELATING TO REDEMPTION

19	**Call Option:**	[Applicable/Not Applicable]
	(xlviii) Optional Redemption Date(s):	[●]
	(xlix) Optional Redemption Amount of each Note:	[●] per Calculation Amount
	(l) If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
	(li) Notice period:	[●]
20	**Regulatory Call:**	[Applicable/Not Applicable]
	(lii) Notice period:	[●]
21	**Put Option:**	[Applicable/Not Applicable]
	(liii) Optional Redemption Date(s):	[●]
	(liv) Optional Redemption Amount of each Note:	[●] per Calculation Amount
	(lv) Notice period:	[●]
22	**Final Redemption Amount of each Note:**	[●] per Calculation Amount
23	**Early Redemption Amount**	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on redemption for regulatory reasons or on event of default or other early redemption:	[[●] per Calculation Amount/as specified in Condition 5*(b)/(c)(Redemption, Purchase and Options – Early Redemption of Zero Coupon Notes / Early Redemption of Other Notes*]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24	**Form of Notes:**	
		Bearer Notes:
		[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent

		Global Note] [Temporary Global Note exchangeable for Definitive Notes] [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] Registered Notes: [Global Certificate registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg (that is, held under the NSS)]]
	New Global Note:	[Yes][No]
25	Financial Centre(s):	[Not Applicable/[●]]
26	Talons for future Coupons to be attached to Definitive Notes:	[Yes/No]
27	U.S. Selling Restrictions:	[Reg S Compliance Category 1; TEFRA C/TEFRA D/TEFRA not applicable]
28	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the offer of the Notes is concluded prior to 1 January 2018, or on and after that date the Notes clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Notes will be concluded on or after 1 January 2018 and the Notes may constitute "packaged" products, "Applicable" should be specified.)*

THIRD PARTY INFORMATION

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

Signed on behalf of the Issuer:

By:.....

Duly authorised

PART B – OTHER INFORMATION

1	**LISTING**		
2	(i)	Listing	[Official List of the Irish Stock Exchange/Other]/[Not Applicable]
	(ii)	Admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the regulated market of the Irish Stock Exchange with effect from [●].] (Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.)
		Estimate of total expenses related to admission to trading:	[●]
3	**RATINGS**		
	Ratings:		The Notes to be issued [will not be rated] / [have been] / [are expected to be] rated: [S&P: [●]] [Moody's: [●]] [Fitch: [●]] [DBRS: [●]] The credit ratings included or referred to in these Final Terms [have been issued by S&P, Moody's, Fitch and/or DBRS] [each of]which is established in the European Union and is registered under Regulation (EC) No 1060/2009 as amended by Regulation (EU) No 513/2011 and Regulation(EU) No. 462/2013 on credit rating agencies (the "**CRA Regulation**") as set out in the list of credit rating agencies registered in accordance with the CRA Regulation published on the website of the European Securities and Markets Authority pursuant to the CRA Regulation (for more information please visit the European Securities and Markets Authority webpage

		http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).]

4 **REASONS FOR THE OFFER**

[Reasons for the offer:	[General funding purposes [and to improve the regulatory capital structure of the UBI Banca Group]] / [To [finance/refinance] Eligible Green Projects] (*See "Use of Proceeds" wording in Base Prospectus*)

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

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its] affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

6 **[Fixed Rate Notes only – YIELD**

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

7 **OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/[●]]
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem

monetary policy and *intra* day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in an Amended and Restated Programme Agreement dated 27 July 2017 (as amended, restated or supplemented from time to time) (the "**Programme Agreement**") among the Issuer, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

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

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

Certain of the Dealers and their affiliates, including parent companies, have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business.

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

United States

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

being offered and sold outside the United States in reliance on Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

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

This Base Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Base Prospectus does not constitute an offer to any person in the United States. Distribution of this Base Prospectus within the United States is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents within the United States is prohibited.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

United Kingdom

Each Dealer has represented, warranted and agreed that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of such Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Dealer has represented, warranted and agreed that Notes are not and may not, directly or indirectly, be offered, sold, pledged, delivered or transferred in the Netherlands, on their issue date or at any time thereafter, and neither this Base Prospectus nor any other document in relation to any

offering of such Notes (or any interest therein) may be distributed or circulated in the Netherlands, other than to qualified investors as defined in Section 1:1 of the Dutch Financial Supervision Act, provided that these parties acquire the relevant Notes for their own account or that of another qualified investor.

Republic of Italy

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

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") 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 other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Regulation No. 11971.

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

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the "**Banking Act**"); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, as applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Dealer has represented, warranted and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchang and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Notes or caused such Notes to be made the subject of an

invitation for subscription or purchase and will not offer or sell such Notes or cause such Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

(c) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(d) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

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

GENERAL INFORMATION

(1) The Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for Notes issued under the Programme to be admitted to trading on the Irish Stock Exchange's regulated market and to be listed on the Official List. The Irish Stock Exchange's regulated market is a regulated market for the purposes of MiFID.

Notes may be issued under the Programme which are not listed or admitted to trading, as the case may be, on the Irish Stock Exchange or any other stock exchange or market.

(2) The amendment and restatement of the Programme was authorised by a resolution of the Management Board of UBI Banca passed on 30 January 2017.

(3) There has been no significant change in the financial or trading position of the UBI Banca Group since 31 March 2017 and no material adverse change in the prospects of UBI Banca since 31 December 2016.

(4) Neither UBI Banca nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which UBI Banca is aware) during the 12 months preceding the date of this Base Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of UBI Banca or the UBI Banca Group.

(5) Each Bearer Note having a maturity of more than one year, and each Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

(6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

(7) The address of Euroclear Bank is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg. The address of any other applicable clearing system will be set out in the relevant Final Terms.

(8) The issue price and the amount of the relevant Notes will be determined at the time of the offering of each Tranche based on then prevailing market conditions.

(9) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available in hard copy (in English translation where necessary) during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified office of the Paying Agent in London:

(i) the Trust Deed (which includes the forms of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);

(ii) the Agency Agreement;

(iii) the by-laws (*Statuto*) of UBI Banca with certified English translation;

(iv) the audited consolidated financial statements of UBI Banca for the financial years ended 31 December 2015 and 31 December 2016;

(v) the unaudited quarterly consolidated financial statements of UBI Banca for the three months ended 31 March 2017;

(vi) each Final Terms; and

(vii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus.

Deloitte & Touche S.p.A. are 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, are registered in the Register of Certified Auditors (*Registro dei Revisori Legali*) held by the Ministry for Economy and Finance pursuant to Legislative Decree No. 39 of 27 January 2010 and the Ministerial Decree No. 145 of 20 June 2012. Deloitte & Touche S.p.A. is also member of Assirevi, the Italian association of auditing firms. Deloitte & Touche S.p.A. has audited and rendered unqualified audit reports on the consolidated financial statements of the Issuer for the two years ended 31 December 2014 and 31 December 2015.

The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

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

positions in such securities and instruments. For the purpose of this paragraph the term "**affiliates**" also includes parent companies.

REGISTERED OFFICE OF
UNIONE DI BANCHE ITALIANE S.p.A.

Piazza Vittorio Veneto, 8
24122 Bergamo
Italy

ARRANGER

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

DEALERS

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20121 Milan
Italy

Banco Bilbao Vizcaya Argentaria, S.A.
Ciudad BBVA
Calle Sauceda 28
Edificio Asia
Madrid 28050

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
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United Kingdom

BNP Paribas
10 Harewood Avenue
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United Kingdom

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

Crédit Agricole Corporate and Investment Bank
12 Place des Etats-Unis
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92547 Montrouge Cedex
France

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

DBS Bank Ltd.
12 Marina Boulevard, level 42
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Singapore 018982

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London EC2N 2DB
United Kingdom

Goldman Sachs International
Peterborough Court
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London EC4A 2BB
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

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

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

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

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

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

MPS Capital Services S.p.A.
Via Leone Pancaldo, 4
50127 Firenze
Italy

Natixis
30 avenue Pierre Mendès France
75013 Paris
France

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

Société Générale
29, boulevard Haussmann
75009 Paris
France

The Royal Bank of Scotland plc (trading as NatWest Markets)
250 Bishopsgate
London EC2M 4AA
United Kingdom

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

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

Citibank, N.A., London branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS TO THE ISSUER

As to English and Italian law

Chiomenti

Via G. Verdi 2
Milan 20121
Italy

LEGAL ADVISERS TO THE DEALERS AND THE TRUSTEE

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